

HB 2269 Employer Health Care Responsibility Act

Despite Oregon's health insurance coverage rate of 94 percent, too many Oregonians remain uninsured or underinsured and struggle to pay for coverage and out-of-pocket health care costs. At the same time, public programs are subsidizing employers that pay relatively low wages and do not provide health care coverage or whose workers cannot afford the coverage offered through their employer. HB 2269 ensures that larger businesses in Oregon take responsibility for contributing to the health of their workers. The bill is the fourth component of Governor Brown's proposed Medicaid funding package, which takes a long-term approach to stabilizing funding for the Oregon Health Plan.

Too many workers are ineligible for or not offered health coverage through their employers

Of the 1 million workers in Oregon who are employed by large employers (companies with 50 or more employees), approximately one in four are either ineligible or not offered health care coverage through their employer. Another 150,000 are offered but not enrolled in employer health care coverage. In the third quarter of 2017, approximately 90,000 Oregonians working part-time to full-time for large employers were enrolled in the Oregon Health Plan. These employees are most likely to work in industries such as health care, retail, food service and hotels.

The Employer Health Care Responsibility Act requires large employers meet a minimum spending requirement for employee health care

The Employer Health Care Responsibility Act requires large employers to spend 50 cents per work hour per employee for employee health care. For companies with 50 or more employees that do not provide health coverage, HB 2269 requires they support worker health by:

1. Spending directly on workers through other health care services (i.e. paying directly for a procedure or office visit) or
2. Paying into the Health Care Access Fund, which subsidizes the cost of the Oregon Health Plan or purchasing insurance from the Oregon Health Insurance Marketplace.

The Health Care Access Fund would be split between the Oregon Health Plan (\$120M) and a new program to increase affordability and access for employees purchasing insurance on the Marketplace (\$329-\$397M). Employers can contribute to the fund on behalf of any employee to comply with the spending requirement.

The health spending requirement is affordable for employers and makes a meaningful investment in programs that support workers' health

Less than 5 percent of all employers in Oregon have 50 or more employees, but they employ 61 percent of all Oregonians.¹ The spending requirement would apply to all employees working more than an average of eight hours per week over three months and is based on the number of hours worked by individual employees. The spending requirements are lower than the average cost of comprehensive (i.e., not catastrophic coverage only) health plans on the individual market.

- For full-time employees who work 40 hours per week, the annual spending requirement would amount to \$1,040, or less than \$90 per month.
- For employees who work 20 hours per week, the annual spending requirement is \$520, or less than \$45 per month.

For comparison, the average annual employer contribution for health insurance in Oregon is about \$5,000 or \$417 per month.

Exemptions and waivers of the large employer spending requirement provide some flexibility for employers and workers

The intent of HB 2269 is to increase spending on behalf of workers who are not benefiting from health coverage through their employer. However, there is some flexibility for employers and workers in Oregon through exemptions and waivers.

Exempt workers include those who:

- Choose to waive their right to have their employers spend the minimum amount for their benefit.
- Qualify as managers, supervisors, or other exempt employees and earn more than the applicable salary exemption amount.
- Are covered by Medicare or TRICARE (the health care program serving Uniformed Service members, retirees and their families). In order to claim these exemptions, an employer must be able to document employee eligibility.
- Are employed by a non-profit corporation for up to one year as trainees in a bona fide training program consistent with federal law.

Many details related to the Employer Health Care Responsibility Act, including specific requirements related to employee exemptions and employer reporting requirements, will be developed publicly through a rulemaking process.

¹ <https://www.qualityinfo.org/-/most-oregon-employers-have-fewer-than-20-employees>