

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2266 - 5

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Kim To
Reviewed by: Tom MacDonald
Date: June 4, 2019

Measure Description:

Reverses the elimination of double coverage and opt-out incentives for employees covered under the Public Employees’ Benefit Board and the Oregon Educators Benefit Board.

Government Unit(s) Affected:

Oregon Health Authority (OHA)

Summary of Fiscal Impact:

Costs related to the measure are anticipated to be minimal - See explanatory analysis.

Analysis:

HB 2266 with the -5 amendment reverses the elimination of double coverage and opt-out incentives for employees covered under the Public Employees’ Benefit Board (PEBB) and the Oregon Educators Benefit Board OEBC as directed by SB 1067 (2017). The elimination of double coverage and opt-out provisions on double coverage and opt out payments was set to go into effect on October 1, 2019 for OEBC and on January 1, 2020 for PEBB. By repealing this language, PEBB and OEBC rules on double coverage and opt-out provisions will remain status quo over the 2019-20 Plan Year. The bill authorizes PEBB and OEBC to impose a surcharge in an amount determined by the boards on an eligible employee who arranges coverage for the employee’s spouse or dependent if the spouse or dependent has access to medical coverage as an employee in another health benefit plan offered by the boards. The bill requires the Oregon Health Authority (OHA) to report to the Legislature by December 31, 2019 on: (1) actions and strategies employed by PEBB and OEBC to limit the growth in per-member expenditures for health services to 3.4% per year or less; (2) the challenges identified by the boards in limiting the growth in per-member expenditures for health services to 3.4% per year; (3) steps taken to maximize the state’s purchasing power and reduce the total cost of delivering care; and (4) an overview of renewal rates from the upcoming and previous benefit years.

Passage of this bill is anticipated to have minimal expenditure impact to OHA, PEBB, and OEBC. Although passage of this bill could potentially result in savings, PEBB and OEBC cannot quantify the potential savings at this time because the boards’ actuaries cannot predict the migration of members and what choices they will make upon losing the option to double cover or opt-out