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**Joint Committee on
Ways and Means**

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To: Human Services Subcommittee
From: Tom MacDonald, Legislative Fiscal Office
Date: June 12, 2019
Subject: SB 5525 – Oregon Health Authority - Public Employees’ Benefit Board
Work Session Recommendations

Oregon Health Authority – Public Employees’ Benefit Board

	2015-17 Actual	2017-19 Legislatively Approved	2019-21 Current Service Level	2019-21 LFO Recommended
Other Funds	1,846,192,434	2,046,798,409	2,098,771,459	2,116,635,989
Total Funds	1,846,192,434	2,046,798,409	2,098,771,459	2,116,635,989
Positions	19	19	19	20
FTE	18.50	18.50	18.50	19.50

Attached are recommendations from the Legislative Fiscal Office (LFO) for the Public Employees’ Benefit Board (PEBB) budget within the Oregon Health Authority (OHA). The budget recommended by LFO totals \$2.1 billion Other Funds, which represents a 3.4 percent increase from the 2017-19 legislatively approved budget and a 1.0 percent increase from the 2019-21 current service level budget. Although PEBB’s budget is reflected entirely as Other Funds, the agency receives its revenue from public employee health care premium payments, of which nearly 45 percent is paid with General Fund.

The recommended 2019-21 budget for PEBB includes the following changes or budget actions:

- *Benefit Management System* - increased Other Funds expenditure limitation of \$908,395 to support the planning stage of a project to replace the benefit management systems used by PEBB and the Oregon Educators Benefit Board (OEBB) with an integrated system. A similar adjustment is recommended in the OEBB budget. The OHA budget report will direct the Department of Administrative Services to schedule funding for this project as progress is made (Package 421).

- *Insurer Assessment* - increased Other Funds expenditure limitation of \$17.2 million to pay for the continuation of the insurer assessment at 2 percent in accordance with House Bill 2010 (Package 801).
- *Cost Containment* - the budget continues to cap PEBB health care expenditure growth at 3.4 percent per member per year.

Adjustments to Current Service Level

See attached “Work Session Presentation Report.”

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

LFO recommends the Subcommittee approve a 2019-21 Public Employees’ Benefit Board preliminary budget of:

\$ 2,116,635,989	Other Funds
20 Positions	
19.50 FTE	

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5525. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to SB 5525, with modifications. (VOTE)

Performance Measures

All agency performance measures will be presented for approval as part of the final action on the OHA budget.

Recommended Changes

The Public Employees’ Benefit Board budget is part of SB 5525, which is the budget bill for the entire Oregon Health Authority. The recommended amendments to SB 5525 will be presented after work sessions are completed on all parts of the budget.

OREGON HEALTH AUTHORITY: PUBLIC EMPLOYEES' BENEFIT BOARD
SB 5525 WORK SESSION

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
2017-19 Legislatively Approved Budget (As of June 2019)	-	-	2,046,798,409	-	-	-	2,046,798,409	19	18.50	
2019-21 Current Service Level	-	-	2,098,771,459	-	-	-	2,098,771,459	19	18.50	
2019-21 Governor's Budget	-	-	2,099,657,653	-	-	-	2,099,657,653	21	20.50	
2019-21 LFO RECOMMENDED BUDGET	-	-	2,116,635,989	-	-	-	2,116,635,989	20	19.50	
2019-21 LFO RECOMMENDED BUDGET ADJUSTMENTS										
1 2019-21 Current Service Level Estimate	-	-	2,098,771,459	-	-	-	2,098,771,459	19	18.50	
2 LFO Recommendations of Existing Packages										
3 Pkg 421: OEBC/PEBB Benefit Management System	-	-	908,395	-	-	-	908,395	2	2.00	
4										
5 Other Recommended Adjustments										
6 Pkg 801: LFO Analyst Adjustments										
7 2% insurer assessment	-	-	17,210,000	-	-	-	17,210,000	-	-	HB 2010
8 Technical adjustments and transfers	-	-	(253,865)	-	-	-	(253,865)	(1)	(1.00)	
9										
10 Total Adjustments from CSL	-	-	17,864,530	-	-	-	17,864,530	1	1.00	
11										
12 TOTAL 2019-21 Recommended Budget	-	-	2,116,635,989	-	-	-	2,116,635,989	20	19.50	
13										
14 Change from 2017-19 Approved			69,837,580				69,837,580	1	1.00	
15 Change from 2019-21 CSL Estimate			17,864,530				17,864,530	1	1.00	
16 Change from 2019-21 Governor's Budget			16,978,336				16,978,336	(1)	(1.00)	
17										
18 % Change from 2017-19 Approved			3.4%				3.4%	5.3%	5.4%	
19 % Change from 2019-21 CSL Estimate			0.9%				0.9%	5.3%	5.4%	
20 % Change from 2019-21 Governor's Budget			0.8%				0.8%	-4.8%	-4.9%	