

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
80th Oregon Legislative Assembly
2019 Regular Session
Legislative Revenue Office

Bill Number:	HB 2010 - A
Revenue Area:	Health Care Provider Tax
Economist:	Dae Baek
Date:	2/15/2019

Only Impacts on Original or Engrossed Versions are Considered Official

Measure Description:

Moves the sunset to 2026 and increases the assessment to two percent, on health plan premiums of insurers, the Public Employees’ Benefit Board (PEBB), and managed care organizations (MCO). Subjects health care stop-loss coverage to such assessment. Moves the sunset of the assessment on specified hospitals to 2025. Moves the sunset of the Oregon Reinsurance Program to 2028.

Revenue Impact (in \$Millions):

(1) Oregon Health Plan

	Biennium	
	2019-21	2021-23
(A) Insurer Tax	\$152.5	\$325.1
Assessment on Insurers	\$131.3	\$291.6
Assessment on PEBB	\$17.2	\$29.0
Assessment on Stop-Loss	\$4.0	\$4.5
(B) Assessment on MCO	\$182.0	\$254.0
(C) Hospital Assessment	\$0.0	\$1,232.2
Assessment on DRG Hospitals	\$0.0	\$1,072.2
Assessment on Type A and Type B Rural Hospitals	\$0.0	\$160.0
Total Revenue (A + B + C)	\$334.5	\$1,811.3

Source: Oregon Health Authority, Oregon Department of Consumer and Business Services

Impact Explanation: This analysis focuses on new and additional revenues. Federal matches and other budget issues are addressed in the fiscal impact statement by the Legislative Fiscal Office.

Current insurer tax of 1.5% on health plan premiums and 1.5% assessment on MCO premium equivalents are set to sunset at the end of 2019. This bill moves the sunset to December 2026. The revenue impact captures new revenues from six quarters of FY 2019-21 (but five quarters of collections due to filing and collection lag) and all eight quarters of 2021-23.

Under current law, assessment on net patient revenues of Diagnosis-Related Group (DRG) hospitals and rural Type A and Type B hospitals continues through September 2021. This bill moves the sunset to September 2025. Assessment rates stay the same. Consequently, there is no change in FY 2019-21 revenue from the assessment. New revenue for FY 2021-23 reflects seven quarters of assessment, starting from 2Q of FY 2021-22.

(2) General Fund

	Biennium	
	2019-21	2021-23
General Fund	-\$5.0	-\$8.0

Impact Explanation: As a result of an insurance premium tax on health plans delivered or issued for delivery in Oregon, non-Oregon domiciled insurers are subject to less retaliatory insurance tax that flows into the General Fund. Oregon Department of Consumer and Business Services estimates that the retaliatory tax will decline by slightly over \$4 million per calendar year.

Creates, Extends, or Expands Tax Expenditure: Yes No