

HB 2266 A STAFF MEASURE SUMMARY**Carrier:** Sen. Baertschiger Jr**Senate Committee On Rules**

Action Date: 06/12/19
Action: Do pass the A-Eng bill.
Vote: 4-0-1-0
Yeas: 4 - Baertschiger Jr, Burdick, Dembrow, Roblan
Exc: 1 - Boquist
Fiscal: Fiscal impact issued
Revenue: No revenue impact
Prepared By: Josh Nasbe, Counsel
Meeting Dates: 6/12

WHAT THE MEASURE DOES:

Requires Public Employees' Benefit Board (PEBB) and Oregon Educators Benefit Board (OEBB) to impose surcharge on eligible employee who arranges coverage for spouse or dependent, if spouse or dependent has access to plan offered by PEBB or OEBB. Directs PEBB and OEBB to conduct audit of dependent eligibility as frequently as recommended as commercial best practice by consultants engaged by boards. Excludes out-of-state hospitals from specified alternative payment arrangements. Requires Oregon Health Authority to report to Legislative Assembly no later than December 31, 2019 on actions and strategies to contain costs. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Unintended consequences of 2017 legislation
- Reduced costs for employers and increased benefits for employees

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

According to the Legislative Fiscal Office (LFO), a legislative work group was convened during the 2017 session to examine potential cost reduction and prevention options to help reduce cost increases in future budgets. The work group was also directed to institute prudent financial practices and principles for state government. The result of the work group was Senate Bill 1067 (2017), which enacted several measures affecting the Public Employees' Benefit Board (PEBB) and Oregon Educators Benefit Board (OEBB). Among other things, SB 1067 required PEBB and OEBB to adopt methodologies to limit growth in premium or per-member health plan costs to 3.4 percent per year and eliminated "double coverage" for PEBB and OEBB employees who have family members also employed by a PEBB or OEBB employer beginning with plan years after October 1, 2019 (OEBB) and January 1, 2020 (PEBB). SB 1067 also discontinued the ability for a PEBB or OEBB employee with double coverage to decline double coverage or "opt out" and thus receive payments. These changes were estimated to reduce future health care costs in PEBB and OEBB and result in General Fund savings in the 2017-19 and 2019-21 biennia (LFO 2017).