

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 65

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

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

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Measure Description:

Transfers duties, functions and powers related to COFA Premium Assistance Program and health insurance exchange from Department of Consumer and Business Services to Oregon Health Authority on June 30, 2021.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Department of Consumer and Business Services (DCBS)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action and certain elements of the measure have an indeterminate impact - See analysis.

Analysis:

SB 65 transfers the Compact of Free Association (COFA) Premium Assistance Program and the health insurance exchange from the Department of Consumer and Business Services (DCBS) to the Oregon Health Authority (OHA). The transfer includes records, properties, employees, and available funds. OHA is directed to annually report to the interim committees of the Legislative Assembly related to health on the progress of this transfer by September 15, 2022; this reporting requirement sunsets on January 2, 2026. This measure is operative on June 30, 2021. DCBS and OHA may take any action necessary prior to the operative date to implement this measure.

Health Insurance Exchange

OHA estimates the transfer of the health insurance exchange to cost \$15,828,864 Other Funds. As part of this transfer, 18 positions (18.00 FTE) would be moved from DCBS to OHA; this includes one Operations and Policy Analyst 2, one Operations and Policy Analyst 3, eight Operations and Policy Analyst 4s, one Principal Executive Manager E, one Principal Executive Manager G, five Program Analyst 2s, and one Program Analyst 3. This transfer and associated expenditure limitation are included in OHA Policy Option Package 437 and DCBS Policy Option Package 103.

COFA Premium Assistance Program

The estimated biennial cost of the COFA Premium Assistance Program in 2021-23 is currently indeterminate. In December 2020, the federal government adopted legislation reinstating Medicaid eligibility for COFA residents. Many, if not all, of the individuals who currently receive support through the COFA Premium Assistance Program, which is funded with General Fund, are assumed to be eligible for Medicaid and will therefore transfer out of the program and to the comprehensive coverage provided by the Oregon Health Plan, which is supported, in part, with federal matching funds. At this time, the number of individuals in the Premium Assistance Program who are eligible for Medicaid and expected to transfer to Oregon Health Plan coverage is not yet known.

The extent to which individuals transfer from the Premium Assistance Program to the Oregon Health Plan will decrease the General Fund amount needed to fund the Premium Assistance Program and increase the combination of state funding (both General Fund and provider assessment revenue) and federal Medicaid matching funds needed for the Oregon Health Plan. In addition to the General Fund that will be needed to support individuals who are not eligible for Medicaid and therefore remain in the Premium Assistance Program,

Other Funds expenditure limitation will be needed because the General Fund is transferred to a Treasury account and expended as Other Funds.

OHA and DCBS anticipate that there may be additional costs beyond those stated above should DCBS need to continue collection of assessments, maintenance of IT systems, and other Shared Services functions until the transfers of these services to OHA are finalized. OHA also notes the need for one permanent position beyond the 18 positions transferred from DCBS for increased enrollment and outreach and education for the Premium Assistance Program. However, the potential need for this position does not appear to be a direct result of the provisions defined in this measure and would also be impacted by the anticipated transfer of individuals from the program to the Oregon Health Plan. DCBS and OHA will need to enter into an Inter-Agency Agreement to cover the costs of these services, which means the total cost of this measure is currently indeterminate.

This measure warrants subsequent referral to the Joint Committee on Ways and Means for further consideration of its budgetary impact.