



## House Bill 2120 Testimony

### Before the House Committee on Business and Labor

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Good afternoon Chair Holvey, Vice-Chairs Bonham and Grayber and Members of the Committee.

For the record, my name is Chad Dresselhaus and I am the Executive Director of the Oregon Mortuary & Cemetery Board (OMCB).

House Bill 2120 is the result of a collaborative effort between our agency, our Policy Advisor and CFO, and a committee that was established by our Board President to conduct a thorough evaluation of the Indigent Disposition Program (IDP) Fund.

Early in 2020, our agency determined that the IDP Fund was running at a deficit – due to an unforeseen increase of IDP reimbursement claims paid during 2020 – and would not be sustainable unless additional funds were immediately contributed or the claim reimbursement amount was significantly reduced.

Once we made this determination, our Board, Policy Advisor and CFO worked collaboratively to address the situation immediately and to ensure that this wouldn't happen again in the future.

Based on the immediate situation, unfortunately, the Board had to make the difficult decision to reduce the reimbursement amount from \$500 to \$20 for the month of June.

However, after carefully and thoughtfully considering many options, the Board made the decision to allocate a portion of its reserve account to temporarily fund the IDP reimbursements for the remainder of 2020 – and we were able to restore the \$500 reimbursement amount beginning in July.

To address this issue longer-term, **HB 2120** was drafted and is now with your Committee for consideration, which proposes to increase the death filing fee from \$20 to \$30. The addition \$10 would be entirely allocated to the IDP Fund.

Given the current projections, the \$10 fee increase should ensure that the IDP Fund is sustainable through 2026 – at that time, the Board will need to review the current financial situation of the IDP Fund and make appropriate changes, if necessary.

Thank you for the opportunity to testify before you today. I would be happy to answer any questions.



## **Summary of Proposed Legislation: House Bill 2120**

### **Historical Background of the IDP Fund:**

The purpose of the Indigent Disposition Program is to provide funeral establishments and immediate disposition companies with reimbursement for costs incurred while providing services for the disposition of indigent decedents. The Indigent Disposition Program has been in existence since the Oregon State Legislature assigned responsibility for reimbursement to the Public Health Division of the Oregon Health Authority in 1993. Prior to that legislation, the responsibility for paying for indigent disposition fell solely to the appropriate county. In 2015, the Oregon Legislature reworked the requirements of the program, moving management to the Oregon Mortuary & Cemetery Board (OMCB) and amending the required process that a funeral establishment or immediate disposition company must complete prior to performing final disposition of an indigent decedent. These changes went into effect on January 1, 2016.

Not every state has implemented a program like the Indigent Disposition Program. In every state adjacent to Oregon, the respective county is responsible for payment of each indigent decedent's disposition, which may or may not have funds, and may or may not have requirements regarding the decedent's residency in the county. Overall, fewer than half of state governments manage funds similar to this one.

The maximum reimbursement rate for Indigent Disposition Program reimbursement is set annually by OMCB's board – the current rate is \$500 per approved claim. This rate is posted on OMCB's website, and notification of any rate changes are publicized.

Only a funeral establishment or immediate disposition company may apply for reimbursement from the IDP Fund. Individuals acting as funeral service practitioners for the purposes of home burial are not eligible to receive funds.

### **Current Definition of "Indigent person":**

**ORS 97.170(1)** defines "Indigent person" as:

*... a deceased person who does not have a death or final expense benefit or insurance policy that pays for disposition of the deceased person's body or other means to pay for disposition of the deceased person's body and:*

*(a) Who does not have a relative or other person with the legal right to direct and the means to pay for disposition of the deceased person's body;*



*(b) Whose relative, or other person, with the legal right to direct the disposition of the deceased person's body does not pay or arrange to pay for, or refuses to direct, the disposition of the deceased person's body within 10 days of being notified of the death; or*

*(c) For whom no person other than a person described in paragraph (a) or (b) of this subsection wishes to direct and pay for the disposition of the deceased person's body.*

#### **How the IDP Fund is Currently Funded:**

The IDP Fund receives its revenue from the death filing fee, which is described in [ORS 692.415](#):

*(1) The State Mortuary and Cemetery Board shall impose and collect a filing fee of \$20 for each report of death and shall deposit the total amount of the fee collected to the credit of the State Mortuary and Cemetery Board Account established under ORS 692.375. Of the fee, at least \$6 must be used by the board to carry out the purposes of ORS 97.170 (5). The board shall use the remainder of the fee in the same manner as other funds credited to the account under ORS 692.375.*

*(2) The board shall adopt rules regarding the use of the fee described in subsection (1) of this section and shall consider historical data related to expenditures made for the purposes of carrying out ORS 97.170 (5) and 692.375. Expenditures relating to the administration of the fee may not exceed five percent of the moneys collected.*

Therefore, OMCB receives \$20 (death filing fee) for each death and allocates the amount as follows:

- \$6 is paid to the IDP Fund, and
- \$14 is paid to OMCB's agency budget account – this is the main source of our agency's revenue.

#### **Circumstances Causing Legislation:**

Early in 2020, our agency determined that the IDP Fund was running at a deficit – due to an unforeseen increase of IDP reimbursement claims paid during 2020 – and would not be sustainable unless additional funds were immediately contributed or the claim reimbursement amount was significantly reduced.

Once we made this determination, our Board, Policy Advisor and CFO worked collaboratively to address the situation immediately and to ensure that this wouldn't happen again in the future.

Based on the immediate situation, unfortunately, the Board had to make the difficult decision to reduce the reimbursement amount from \$500 to \$20 for the month of June.



However, after carefully and thoughtfully considering many options, the Board made the decision to allocate a portion of its reserve account to temporarily fund the IDP reimbursements for the remainder of 2020 – and we were able to restore the \$500 reimbursement amount beginning in July.

To address this issue longer-term, the Board submitted a legislative concept – now [HB 2120](#) – which proposes to increase the death filing fee from \$20 to \$30. The addition \$10 would be entirely allocated to the IDP Fund.

Given the current projections, the \$10 fee increase should ensure that the IDP Fund is sustainable through 2026 – at that time, the Board will need to review the current financial situation of the IDP Fund and make appropriate changes, if necessary.