

Legislative Fiscal Office

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Joint Committee on Ways and Means

Senator Elizabeth Steiner, Senate Co-Chair
Representative Tawna Sanchez, House Co-Chair

Senator Fred Girod, Senate Co-Vice Chair
Representative David Gomberg, House Co-Vice Chair
Representative Greg Smith, House Co-Vice Chair

To: Human Services Subcommittee

From: Steve Robbins, Legislative Fiscal Office

Date: May 30, 2023

Subject: SB 972 – Relating to the health insurance exchange
Work Session Recommendations

SB 972 requires the Oregon Health Authority (OHA) to procure and maintain a platform or service to provide access to the health insurance exchange separate from the federally facilitated marketplace (FFM) platform (www.healthcare.gov). Access to the platform or service must be available for use by November 1, 2026.

In 2010, the Affordable Care Act was signed into law with the intent of making individual health insurance more affordable for those that do not receive health coverage through an employer or a government program. It utilizes income-based tax credits to subsidize the cost of plans and cost-sharing components of policies. A health insurance exchange is a public or semi-public entity that administers the provisions of the ACA under state authority - including the use of technology to determine eligibility, allow for consumers to shop for and choose health insurance plans, enroll in the plans, and the exchange maintains data storage of customer information.

The FFM has several disadvantages. First the technology is inflexible and cannot be modified to meet the unique needs of Oregon, to include changing the open enrollment periods, creating special enrollments to accommodate Oregon-specific issues like wildfires or flooding, etc. Second, the FFM contains opaque fees that could be avoided. Third, functionality like auto-enrollment and interoperability between the Marketplace and the Oregon Health Plan is unavailable through the FFM, which are all necessary features to support a Basic Health Plan in Oregon. Fourth, when an Oregonian calls the FFM Customer Assistance Center, they are receiving help from a generalist who deals with many different states - and their information is not always the most current - especially around provider search options. Finally, Oregon does not have direct access to the data of its residents, making targeted outreach and education difficult and reporting unavailable.

Finally, ORS 741.300 defines the Small Business Health Options Program as a health insurance exchange for small employers, and this bill repeals ORS 741.107 that contains

special reporting requirements surrounding this program. The program required by this bill falls under the umbrella of IT projects that must comply with the state’s IT investment oversight process, so full transparency and reporting are required.

Operation of the Marketplace is funded by assessments on participating insurers. Over the past 3 biennia, the assessments paid have exceeded costs, so funds have been rebated back to insurance carriers and subsequently the rates for the following biennium were reduced. This measure allows for the cost of this transition from federal to a state-based system to be funded out of anticipated excess funds received in 2023-25, with the remainder still being rebated back to insurers.

The budget adjustments related to the fiscal impact of this bill are incorporated into SB 5525, the primary budget bill for OHA, so this bill has no amendments.

Final Subcommittee Action

LFO recommends that SB 972 be moved to the Ways and Means Full Committee.

MOTION: I move SB 972 to the Full Committee with a do pass recommendation.
(VOTE)

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____