

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: HB 2555**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

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

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**Measure Description:**

Requires individual and group health benefit plans and benefit plans offered by Public Employees' Benefit Board and Oregon Educators Benefit Board to reimburse services provided by naturopathic physicians within scope of their practice if services are reimbursed when provided by licensed physicians.

**Government Unit(s) Affected:**

Board of Naturopathic Medicine, Department of Consumer and Business Services, Oregon Health Authority

**Summary of Fiscal Impact:**

Costs related to the measure may require budgetary action - See analysis.

**Summary of Expenditure Impact:**

	2023-25 Biennium	2025-27 Biennium
<b>Oregon Health Authority</b>		
<b>Other Funds</b>		
Special Payments	\$3,007,729	\$4,010,306
<b>Total Fiscal Impact</b>	<b>\$3,007,729</b>	<b>\$4,010,306</b>
<i>Total Positions</i>	0	0
<i>Total FTE</i>	0.00	0.00

**Analysis:**

HB 2555 requires an individual or group health benefit plan to reimburse the cost for naturopathic physicians using the same methodology as the reimbursement paid to physicians. The measure prohibits insurers from reducing reimbursements to physicians to comply with these changes. The measure does not declare an effective date and is assumed effective January 1, 2024,

Changing what is included in the list of required services that health benefit plans must cover will impact the premiums for the employee health plans offered by the Public Employees' Benefit Board (PEBB) and the Oregon Educators Benefit Board (OEBB), which are housed in the Oregon Health Authority (OHA). While costs for both Boards are budgeted as Other Funds, the corresponding revenue comes from the premiums paid by state agencies and universities for PEBB's plans and the K-12 school system for OEBB's plans. Additionally, state agencies support PEBB's premium payments from the various state and federal revenue streams available in their budgets, with General Fund comprising nearly 45% of overall state agency premium payments.

Based on input provided by PEBB's and OEBB's actuaries, OHA estimates that premiums for plans offered by both Boards will increase by an average of 0.16% under the measure (.1% for Moda Plans under PEBB). For PEBB, this increase would result in additional costs of \$2,038,912 in 2023-25, and \$2,719,549 in 2025-27. For OEBB, the premium increase would result in additional costs of \$968,818 in 2023-25, and \$1,291,757 in 2025-27. This potential increase in premiums would challenge PEBB's and OEBB's ability to meet the statutorily required 3.4% annual growth cap on health care premiums and expenditures.

For OEBC, the average allowed cost per procedure was \$127 for naturopaths and \$192 for primary care physicians. The average plan cost per procedure was \$67 for naturopaths and \$126 for primary care physicians after accounting for member cost sharing. The difference between cost per procedure for naturopaths and primary care physicians multiplied by the number of services determined total claims costs.

For PEBC, the average allowed cost per procedure was \$128 for naturopaths and \$196 for primary care physicians. The average plan cost per procedure was \$95 for naturopaths and \$160 for primary care physicians after accounting for member cost sharing. The difference between cost per procedure for naturopaths and primary care physicians multiplied by the number of services determined total claims costs.

There is no fiscal impact to the Oregon Board of Naturopathic Medicine or the Department of Consumer and Business Services.