

SB 1148 -1 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

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Meeting Dates: 4/1, 4/8

WHAT THE MEASURE DOES:

The measure specifies that an insurer that offers, issues, or renews a disability income insurance policy in this state may not require a person eligible for benefits to utilize any benefits available under Paid Leave Oregon before being eligible for disability benefits offered by the disability income insurance policy. Specifies that this requirement applies to policies offered, issued, or renewed on or after January 1, 2026.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: May have revenue impact, but not statement yet issued

ISSUES DISCUSSED:

- Potential impact on Short-Term Disability Insurance (STD) premiums
- Impact of Paid Leave Oregon on the STD market
- Comparison to STD regulation in other states
- Order of usage

EFFECT OF AMENDMENT:

-1 The amendment adds that an insurer offering, issuing, or renewing a disability insurance policy in Oregon may not require a person eligible for benefits to apply for any benefits available under Paid Leave Oregon before being eligible for disability benefits offered by the disability income insurance policy.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: No revenue impact

BACKGROUND:

The Paid Leave Oregon program is contained in ORS chapter 657B and was enacted by the Legislative Assembly in 2019. This program allows eligible Oregon employees to take paid leave for specified family, medical, or safety-related reasons and requires employers with 25 or more employees to contribute to the program's fund. An employer may offer employees an equivalent plan approved by the Oregon Employment Department (OED) in lieu of participating in Paid Leave Oregon. Self-employed persons and independent contractors can elect to participate in the program. OED administers the Paid Leave Oregon program.

Short-Term Disability insurance (STD) provides workers with some amount of income replacement if the worker is unable to do their job because of a disabling health condition. According to Bulletin No. DFR 2024-8 by the Division of Financial Regulation for the Oregon Department of Consumer and Business Services, issue on October 10, 2024, many of these STD policies include provisions that if a worker is eligible for any other benefit on the same grounds that make the worker eligible for the STD benefit, the worker must first apply for that other benefit before receiving any STD benefit. In addition, these policies often specify that if the worker receives any other benefits, the STD benefit will be decreased by the amount of any other benefit received.

Senate Bill 1148 specifies that an insurer that offers, issues, or renews a disability income insurance policy in this state may not require a person eligible for benefits to utilize any benefits available under Paid Leave Oregon before being eligible for disability benefits offered by the disability income insurance policy.