



Legislative Fiscal Office
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2025 Regular Session

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Bill Title: Relating to health insurance coverage for adults over the age of 26.

Government Unit(s) Affected: Department of Consumer and Business Services, Oregon Health Authority, Department of Human Services

Summary of Fiscal Impact

2025-27 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Health Authority	\$ -	\$ -	\$ 64,121,648	\$ -	\$ 64,121,648	-	-
Department of Human Services	\$ 376,740	\$ -	\$ -	\$ 699,660	\$ 1,076,400	-	-
Total Fiscal Impact	\$ 376,740	\$ -	\$ 64,121,648	\$ 699,660	\$ 65,198,048	-	-
2027-29 Biennium	General Fund	Lottery Funds	Other Funds	Federal Funds	Total Funds	Positions	FTE
Oregon Health Authority	\$ -	\$ -	\$104,615,817	\$ -	\$104,615,817	-	-
Department of Human Services	\$ -	\$ -	\$ -	\$ -	\$ -	-	-
Total Fiscal Impact	\$ -	\$ -	\$104,615,817	\$ -	\$104,615,817	-	-

- The revenue for PEBB and OEGB is derived from premiums paid by state agencies, universities, local governments, and the K-12 school system.

Measure Description

The measure requires health benefit insurance plans to continue coverage for a child that is older than 26 years old if the parent is the child's guardian and the child meets additional requirements. The measure will apply to PEBB plans issued, renewed, or extended on or after January 1, 2026, and OEGB plans issued, renewed, or extended on or after October 1, 2026.

Fiscal Analysis

Oregon Health Authority

The expansion of coverage for health benefit plans may be considered a new mandate under the Patient Protection and Affordable Care Act. This Act requires states to offset the cost of required benefits for plans issued through the health insurance marketplace. Federal guidance does not clarify whether these offsets must be paid out of the General Fund or from other state funds such as marketplace assessment funds. If coverage of these services is considered a new mandate, the bill may have a fiscal impact for the state.

Changes to the list of required services that health benefit plans must cover will impact the premiums for employee health plans offered by the Public Employees' Benefit Board (PEBB) and the Oregon Educators Benefit Board (OEGB). While the health care coverage in each program is budgeted as Other Funds, the corresponding

revenue largely comes from premiums paid by state agencies and universities for PEBB's plans and the K-12 school system for OEGB's plans. State agencies finance PEBB's premium payments from the revenue streams available in their budgets, including General Fund.

The increase in PEBB and OEGB costs is attributed to the expansion of the definition of "disability" to include "rare disease" and eliminating eligibility requirements that will result in a significant increase of dependents over age 26 who are covered by the plan. Additionally, PEBB and OEGB have determined that the per-capita cost of these additional enrollees will be significantly higher than the average PEBB or OEGB member. PEBB anticipates the measure will increase premiums by 2.3%, which would result in additional costs of \$49.8 million Other Funds in 2025-27, and \$66.4 million Other Funds in 2027-29. For OEGB, the measure will increase premiums by 2.1%, which would result in additional costs of \$14.3 million Other Funds in 2025-27, and \$38.2 million Other Funds in 2027-29.

Department of Human Services

The changes in the measure will necessitate updates to the ONE system to reflect the medical eligibility of this population. Updates include, but are not limited to, developing new eligibility rules, modifying existing rules, and updating the user interface. The Department of Human Services will use a contractor to complete system updates. These changes will require an estimated 5,980 hours of work and the contract is estimated to cost \$1.1 million total funds.

The measure has a minimal fiscal impact on the Department of Consumer and Business Services.

Relevant Dates

The measure takes effect on January 1, 2026.