

SB 847 A STAFF MEASURE SUMMARY

House Committee On Labor and Workplace Standards

Prepared By: Erin Seiler, LPRO Analyst

Meeting Dates: 4/16, 4/23

WHAT THE MEASURE DOES:

The measure increases the Retirement Health Insurance account subsidy under the Public Employees Retirement System (PERS) to an amount equal to \$100 or the total monthly cost of the coverage, whichever is less. The measure makes members of the Oregon Public Service Retirement Plan eligible to receive the Retiree Health Insurance Premium Account subsidy and the Retirement Health Insurance Account subsidy.

Fiscal impact: Fiscal Impact issued

Revenue impact: No revenue impact

Senate Vote: 17 aye; 10 no; and 3 excused

ISSUES DISCUSSED:

- Declining enrollment of the pre-Medicare population in the Public Employees Retirement System (PERS) Health Insurance Program (PHIP)
- PERS report on how to address declining enrollment in PHIP and maintain affordability and sustainability of plans
- Retirement Health Insurance Account (RHIA) for Medicare eligible members subsidy available to all Tier One/Tier Two PHIP plan members
- Impact of allowing future Oregon Public Service Retirement Plan (OPSRP) retirees for state agencies to participate in RHIA and Retiree Health Insurance Premium Account (RHIPA) programs
- Relationship between PHIP and other retirement-based health care programs
- Impact on PERS rates for local governments
- PERS rates for TIER 1, TIER 2, and OPSRP

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Public Employees Retirement System (PERS) provides retirement benefits for state agencies and approximately 900 units of local government. PERS is overseen by a five-member board that appoints an executive director to manage the agency's daily operations, including the management of benefits for more than 393,000 active, inactive, and retired members and beneficiaries. PERS members are in one of three plans, depending on when they first became a member. The three plans are Tier One, Tier Two, and the Oregon Public Service Retirement Plan (OPSRP). PERS members who work in positions that meet the definitions for "police officer" and "firefighter" are eligible for special benefit provisions, such as retiring at an earlier age and calculating their retirement benefit with a higher statutory factor.

PERS serves as a group sponsor for the PERS Health Insurance Program (PHIP), which provides health insurance services to retired members and dependents. PERS currently utilizes a third-party administrator to provide insurance services to members. PHIP is comprised of three statutorily mandated programs: the Retiree Health Insurance Account (RHIA), the Retiree Health Insurance Premium Account (RHIPA), and the Standard Retiree Health Insurance Account (SRHIA). The SRHIA collects premiums from members and pays the health insurance

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carriers. In contrast, employers pay contributions for the RHIA and RHIPA subsidy programs separate from their pension employer contributions. The RHIA subsidy program currently provides Tier One and Tier Two Medicare eligible retirees with a subsidy for their monthly premiums. This amount is currently capped at \$60 per month and has not been changed since 1988. The RHIPA subsidy program currently provides Tier One and Tier Two members who were State of Oregon employees and not Medicare eligible with a premium subsidy based on their years of service with the State of Oregon.

Senate Bill 847 A changes the calculation of the Retirement Health Insurance account subsidy under the Public Employees Retirement System to an amount equal to \$100 or the total monthly cost of the coverage, whichever is less. SB 847 A also makes members of the Oregon Public Service Retirement Plan eligible to receive the Retiree Health Insurance Premium Account subsidy and the Retirement Health Insurance Account subsidy.