2007 Regular Legislative Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2918 STATUS: B-Engrossed

SUBJECT: Modifies health benefit plan coverage for pervasive developmental disorders

GOVERNMENT UNIT AFFECTED: Department of Administrative Services, Department of Human

Services, Department of Consumer and Business Services

PREPARED BY: Dawn Farr

REVIEWED BY: Dallas Weyand, John Britton, Robin LaMonte

DATE: June 20, 2007

EXPENDITURES: See Comments.

EFFECTIVE DATE: January 1, 2008.

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill requires health benefit plans to cover treatment of pervasive developmental disorders subject to the same conditions as treatment of physical illness; defines pervasive developmental disorder; and directs the Health Resources Commission to review medical and behavioral health evidence on the treatment of pervasive developmental disorders and report findings to the Seventy-fifth Legislative Assembly.

Regence Blue Cross Blue Shield of Oregon (Regence) provides medical coverage to 85% of the state's employees and dependents. Regence currently covers treatment of pervasive developmental disorders up to age 6. The Department of Administrative Services (DAS) Public Employee Benefits Board (PEBB) indicates that passage of the bill will result in additional premium expenditures of \$.40 per member per month. There are currently 116,875 PEBB members. The estimated fiscal impacts for the 2007-09 and 2009-11 biennia by fund type are summarized in the table below. Expenditures are higher for the 2009-11 biennium as the coverage period would be 24 months rather than 18 months.

Expenditures by Fund Type

Fund Type	2007-2009	2009-2011
General Funds	\$236,461	\$315,282
Lottery Funds	18,513	24,684
Other Funds	423,274	564,365
Federal Funds	163,251	217,668
Total	\$841,500	\$1,122,000

Typically the Legislative Assembly establishes an appropriation to the Emergency Board to provide funding to state agencies for the effects of collective bargaining agreements that have not been completed by the close of session. The Legislative Fiscal Office believes that funding for implementation of this bill could be included in the future distribution of this appropriation.

PEBB also indicated that the Oregon Educators Benefit Board would begin to offer benefits to K-12 and Education Service District employees as of October 1, 2008. Passage of the bill will likely impact the cost of its benefit packages; however, the timing and amount of these costs are unknown at this time.

The Health Resources Commission indicates that the review of medical and behavioral health evidence on the treatment of pervasive developmental disorders and preparation of a report to the Seventy-fifth Legislative Assembly would have a minimal fiscal impact and can be absorbed with existing resources.

The Department of Human Services (DHS) indicates that provisions of the bill would not be applicable to Medicaid. DHS anticipates minimal fiscal impact to work with the Health Resources Commission and other agencies in conducting a review of treatment of pervasive developmental disorders. These impacts can be absorbed with existing resources.

The Department of Consumer and Business Services indicates that passage of the bill would require insurance companies to modify their contract language. DCBS expects that the processing of revised filings can be accomplished with existing resources. The Oregon Medical Insurance Pool indicates that treatment of pervasive developmental disorders is already subject to the same conditions as treatment of a physical illness; therefore, no fiscal impact is anticipated by DCBS.

City County Insurance Services (CCIS) anticipates that there will be an impact on premium rates as their primary carrier is Regence; however, Regence has not provided CCIS with an estimate of the impacts on premiums at this time. Contracts are negotiated with August 1 effective dates, so impacts would not be realized until August 1, 2008. If impacts are similar to those experienced by PEBB, CCIS estimates that insurance premiums would increase by approximately 10 percent from current rates.