

**REVENUE: No revenue impact**

**FISCAL: No fiscal impact**

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**Action:** Do Pass with Different Amendments to the A-Engrossed Measure and Printed B-Engrossed Minority

**Signers of the Report:** Sen. Kruse and Sen. Morse

**Prepared By:** Robert Shook, Administrator

**Meeting Dates:** 4/30, 5/21, 5/26

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**WHAT THE MINORITY REPORT DOES:** Adds third party administrators of self-insured employers to the assessment formula by Oregon Medical Insurance Pool (OMIP). Further defines “covered life” to mean a subscriber, policyholder, certificate holder, spouse, dependent child or any other individual insured under an insurance policy or whose benefits are administered by a third party administrator. Defines “reinsurer” as an insurer providing insurance against the risk of economic loss. Defines “third party administrator” as any person required to obtain a license pursuant to ORS 744.702. Stipulates that OMIP is to calculate the assessment of each insurer and reinsurer based on the total amount needed to ensure timely payment of pool expenses, based on its fractional share of all covered lives in Oregon as of March 31 each year. Calls on the Supreme Court to determine in the manner provided whether the provisions of the measure are preempted by the federal Employee Retirement Income Security Act of 1974 (ERISA), including but not limited to impairment of the obligation of contracts under section 21, Article 1 of the Oregon Constitution, or clause 1, section 10, Article 1 of the United States Constitution. Further institutes a proceeding for review by filing with the Supreme Court a petition that meets certain requirements.

**ISSUES DISCUSSED:**

- ERISA legal requirements
- Legal challenges relative to the provisions of adding third party administrators
- Individuals enrolled in self-insured plans utilizing the services of OMIP

**EFFECT OF MINORITY AMENDMENT:** Adds third party administrators of self-insured employers to the assessment formula by Oregon Medical Insurance Pool. References legal challenges to the measure and sets forth certain requirements in determining whether the provisions of this bill are preempted by federal law.

**BACKGROUND:** Generally, third party administrators (TPAs) process insurance claims, collect premiums, and other administrative activities for an employer that self insures its employees. An insurance company may also utilize a TPA to manage its claims processing, provider networks, utilization review, or membership functions. While some TPAs may operate as units of insurance companies, they are often independent.

The Oregon Medical Insurance Pool (OMIP) is the high-risk health insurance pool for the state, established by the Legislative Assembly to cover adults and children who are unable to obtain medical insurance because of health conditions. OMIP enrollee premium payments cover about 55 percent of the program’s medical and drug claim costs. Commercial insurance companies conducting business in Oregon pay the remaining 45 percent through an assessment; however, self-insured plans are excluded from assessment. House Bill 2194-B requires TPAs to be part of the assessment and fee generating process that funds a portion of OMIP.

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*This summary has not been adopted or officially endorsed by action of the committee.*