2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: SB 901 **STATUS:** Original
SUBJECT: Allowing districts to not participate in benefit plans provided and administered by the Oregon Educators Benefit Board
GOVERNMENT UNIT AFFECTED: Department of Administrative Services – Oregon Educators Benefit Board, districts
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DATE: April 8, 2009

	2009-2011	2011-2013
EXPENDITURES:		
See analysis		

EFFECTIVE DATE: On passage

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.

ANALYSIS: Senate Bill 901 allows a district (common school district, union high school district, and education service district) to provide or contract for benefit plans other than benefit plans provided and administered by OEBB if the premiums for the benefit plans provided or contracted for by the district are equal to or less than the premiums for comparable benefit plans provided and administered by OEBB. The measure requires an analysis by an independent actuary to be conducted once every three years to determine the issue of plan comparability. The analysis must contain a study of the costs and performance of the benefit plans offered by the board and by the district for the three years immediately prior to the year in which the analysis is conducted. OEBB and the districts are required to split the total cost of the analysis, each paying half. The measure is effective upon passage.

Senate Bill 426 (2007) directed OEBB to contract for benefit plans for most districts. A section in the bill allowed for districts to choose benefit plans that were comparable in design to, and were not more expensive than the comparable costs of, the benefit plans the district provided immediately before the purchase of the benefit plans provided by the board. Senate Bill 90l serves to make this section of the 2007 bill permanent. The measure applies to districts that have not offered benefit plans provided and administered by OEBB before the passage of this measure. The fourteen districts that this bill would apply to are Beaverton School District, Clackamas Education Service District, Fern Ridge School District, Glad Stone School District, High Dessert Education Service District, Sisters School District, Springfield School District, St. Paul School District, Three Rivers School District, West-Linn/Wilsonville School District, Bethel School District, Central School District, Corvallis School District, and McKenzie School District. These districts received waivers from using benefit plans provided and administered by OEBB either because they were self-insured, they had independent health trusts, or they weren't at the end of their current collective bargaining agreements.

The fiscal impact of this measure to districts is indeterminate. The savings that districts will incur as a result of remaining with benefit plans that are less costly than the benefit plans provided and administered by OEBB are not known and may vary by district. Another portion of the fiscal impact to districts is the payment of half of the costs of an actuarial analysis to compare the cost and performance of the benefit plans offered by the board and by the district once every three years. Currently, the districts are providing the benefit plan numbers to OEBB on an annual basis; however OEBB is using its actuary to perform the comparability analysis. Districts anticipate that the costs to pay for half of the comparability analysis by an independent actuary will be minimal.

This measure has a minimal fiscal impact to the Department of Administrative Services – Oregon Educators Benefit Board. OEBB would be required to split the costs of the independent actuarial services with the fourteen districts once every three years. OEBB estimates this cost will be approximately $8,874. Existing OEBB staff will be required to procure the independent actuary through a bidding process; OEBB anticipates using current staff resources to accomplish this work.