

House Bill 2008

Sponsored by COMMITTEE ON HEALTH CARE

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires Oregon Educators Benefit Board to offer to student attending school in district enrollment in health benefit plans contracted for by board, upon payment of premium by student.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to Oregon Educators Benefit Board health benefit plans; creating new provisions; amending
3 ORS 243.860, 243.864, 243.866, 243.874, 243.878 and 279A.025; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 243.860 is amended to read:

6 243.860. As used in ORS 243.860 to 243.886, unless the context requires otherwise:

7 (1) "Benefit plan" includes but is not limited to:

8 (a) Contracts for insurance or other benefits, including medical, dental, vision, life, disability and
9 other health care recognized by state law, and related services and supplies;

10 (b) Self-insurance programs managed by the Oregon Educators Benefit Board; and

11 (c) Comparable benefits for employees who rely on spiritual means of healing.

12 (2) "Carrier" means an insurance company or health care service contractor holding a valid
13 certificate of authority from the Director of the Department of Consumer and Business Services, or
14 two or more companies or contractors acting together pursuant to a joint venture, partnership or
15 other joint means of operation, or a board-approved provider or guarantor of benefit plan coverage
16 and compensation.

17 (3) "District" means a common school district, a union high school district, an education service
18 district, as defined in ORS 334.003, or a community college district, as defined in ORS 341.005.

19 (4)(a) "Eligible employee" includes:

20 (A) An officer or employee of a district who elects to participate in one of the benefit plans
21 described in ORS 243.864 to 243.874; and

22 (B) An officer or employee of a district, whether or not retired, who:

23 (i) Is receiving a service retirement allowance, a disability retirement allowance or a pension
24 under the Public Employees Retirement System or is receiving a service retirement allowance, a
25 disability retirement allowance or a pension under any other retirement or disability benefit plan
26 or system offered by the district for its officers and employees;

27 (ii) Is eligible to receive a service retirement allowance under the Public Employees Retirement
28 System and has reached earliest service retirement age under ORS chapter 238;

29 (iii) Is eligible to receive a pension under ORS 238A.100 to 238A.245 and has reached earliest
30 retirement age as described in ORS 238A.165; or

31 (iv) Is eligible to receive a service retirement allowance or pension under any other retirement

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 benefit plan or system offered by the district and has attained earliest retirement age under the plan
 2 or system.

3 (b) Except as provided in paragraph (a)(B) of this subsection, “eligible employee” does not in-
 4 clude an individual:

5 (A) Engaged as an independent contractor;

6 (B) Whose periods of employment in emergency work are on an intermittent or irregular basis;
 7 or

8 (C) Who is employed on less than a half-time basis unless the individual is employed in a posi-
 9 tion classified as a job-sharing position or unless the individual is defined as eligible under rules of
 10 the Oregon Educators Benefit Board or under a collective bargaining agreement.

11 **(5) “Eligible student” means a resident of Oregon who attends a school that is within a**
 12 **district.**

13 [(5)] **(6)** “Family member” means an eligible employee’s spouse or domestic partner and any un-
 14 married child or stepchild of an eligible employee within age limits and other conditions imposed
 15 by the Oregon Educators Benefit Board with regard to unmarried children or stepchildren.

16 **(7) “Health benefit plan” means a benefit plan that covers medical, dental, vision and**
 17 **other health care services prescribed by the board.**

18 [(6)] **(8)** “Payroll disbursing officer” means the officer or official authorized to disburse moneys
 19 in payment of salaries and wages of officers and employees of a district.

20 [(7)] **(9)** “Premium” means the monthly or other periodic charge, including administrative fees
 21 of the Oregon Educators Benefit Board, for a benefit plan.

22 **SECTION 2.** ORS 243.864 is amended to read:

23 243.864. (1) The Oregon Educators Benefit Board:

24 (a) Shall adopt rules for the conduct of its business; [and]

25 (b) May adopt rules not inconsistent with ORS 243.860 to 243.886 to determine the terms and
 26 conditions of eligible employee participation in and coverage under benefit plans[.]; **and**

27 **(c) Shall adopt rules for the enrollment and participation of eligible students in health**
 28 **benefit plans and for the full payment of premiums by eligible students.**

29 (2) The board shall study all matters connected with the provision of adequate **health** benefit
 30 plan coverage for eligible employees **and eligible students** on the best basis possible with regard
 31 to the welfare of the employees and affordability for the districts. The board shall design benefits,
 32 prepare specifications, analyze carrier responses to advertisements for bids and award contracts.
 33 Contracts shall be signed by the chairperson on behalf of the board.

34 (3) In carrying out its duties under subsections (1) and (2) of this section, the goal of the board
 35 is to provide high-quality health[, *dental and other*] benefit plans for eligible employees **and eligible**
 36 **students** at a cost affordable to the districts, the employees and the taxpayers of Oregon.

37 (4) The board shall prepare specifications, invite bids and take actions necessary to award con-
 38 tracts for health [*and dental*] benefit plan coverage of eligible employees **and eligible students** in
 39 accordance with the criteria set forth in ORS 243.866 (1).

40 **(5)** The Public Contracting Code does not apply to contracts for benefit plans provided under
 41 ORS 243.860 to 243.886. The board may not exclude from competition to contract for a benefit plan
 42 an Oregon carrier solely because the carrier does not serve all counties in Oregon.

43 [(5)] **(6)** The board may retain consultants, brokers or other advisory personnel when necessary
 44 and shall employ such personnel as are required to perform the functions of the board.

45 **SECTION 3.** ORS 243.866 is amended to read:

1 243.866. (1) The Oregon Educators Benefit Board shall contract for **health** benefit plans best
 2 designed to meet the needs and provide for the welfare of eligible employees, **eligible students** and
 3 the districts. In considering whether to enter into a contract for a **health** benefit plan, the board
 4 shall place emphasis on:

- 5 (a) [*Employee*] Choice among high-quality plans;
- 6 (b) Encouragement of a competitive marketplace;
- 7 (c) Plan performance and information;
- 8 (d) District flexibility in plan design and contracting;
- 9 (e) Quality customer service;
- 10 (f) Creativity and innovation;
- 11 (g) Plan benefits as part of total employee compensation; and
- 12 (h) Improvement of employee **and student** health.

13 (2) The board may approve more than one carrier for each type of **health** benefit plan offered,
 14 but the board shall limit the number of carriers to a number consistent with adequate service to
 15 eligible employees and family members, **and eligible students**.

16 (3) When appropriate, the board shall provide options under which an eligible employee may
 17 arrange coverage for family members under a **health** benefit plan.

18 (4) A district shall provide that payroll deductions for **health** benefit plan costs that are not
 19 payable by the district may be made upon receipt of a signed authorization from the employee in-
 20 dicating an election to participate in the **health** benefit plan or plans selected and allowing the
 21 deduction of those costs from the employee's pay.

22 (5) In developing any **health** benefit plan, the board may provide an option of additional cover-
 23 age for eligible employees, **eligible students** and family members **of employees or students** at an
 24 additional premium **to be paid by the employee or student**.

25 (6) The board shall adopt rules providing that transfer of enrollment from one **health** benefit
 26 plan to another is open to all eligible employees and family members, **and eligible students**. Be-
 27 cause of the special problems that may arise involving acceptable physician-patient relations be-
 28 tween a particular panel of physicians and a particular eligible employee or family member **or an**
 29 **eligible student** under a comprehensive [*group practice*] **health** benefit plan, the board shall provide
 30 a procedure under which any eligible employee **or eligible student** may apply at any time to sub-
 31 stitute another **health** benefit plan for participation in a comprehensive [*group practice*] **health**
 32 benefit plan.

33 (7) An eligible employee who is retired is not required to participate in a health benefit plan
 34 offered under this section in order to obtain dental benefit plan coverage. The board shall establish
 35 by rule standards of eligibility for retired employees to participate in a dental benefit plan.

36 **SECTION 4.** ORS 243.878 is amended to read:

37 243.878. (1) The Oregon Educators Benefit Board may employ whatever means are reasonably
 38 necessary to carry out the purposes of ORS 243.860 to 243.886. This authority includes, but is not
 39 limited to, authority to self-insure and to seek clarification, amendment, modification, suspension or
 40 termination of any agreement or contract.

41 (2) Upon providing specific notice in writing to the carrier, the affected labor organization or
 42 organizations, the districts, the Oregon Department of Administrative Services, [*and*] the affected
 43 eligible employees **and the affected eligible students**, and after affording opportunity for a public
 44 hearing on the issues that may be involved, the board may enter an order withdrawing approval of
 45 a benefit plan. Thirty days after entry of the order, the board shall terminate all withholding au-

1 thorizations of eligible employees and terminate all board-approved participation in the **benefit** plan.

2 (3) The board by order may terminate the participation of a district in a benefit plan if, within
3 three months, the district fails to perform an action required by ORS 243.860 to 243.886 or by board
4 rule.

5 **SECTION 5.** ORS 243.874 is amended to read:

6 243.874. (1) In addition to the powers and duties otherwise provided by law to provide benefit
7 plans for eligible employees, the Oregon Educators Benefit Board may provide and administer flex-
8 ible benefit plans under which eligible employees may choose among taxable and nontaxable benefits
9 as provided in the federal Internal Revenue Code.

10 (2) In providing flexible benefit plans, the board may offer:

11 (a) Health [*or dental benefits*] **benefit plans** as described in ORS 243.864 and 243.866.

12 (b) Other insurance benefits as described in ORS 243.868.

13 (c) Any other benefit that may be excluded from an employee's gross income under the federal
14 Internal Revenue Code.

15 (d) Any part or all of the district contribution for employee benefits in cash to the employee.

16 (3) In developing flexible benefit plans, the board shall design the plans on the best basis pos-
17 sible with regard to the welfare of the employees and affordability for the districts.

18 (4) The board may pay some or all of the cost of administering flexible benefit plans from funds
19 authorized to pay general administrative expenses incurred by the board.

20 (5) The board shall adopt rules as the board considers necessary for the establishment and ad-
21 ministration of flexible benefit plans.

22 (6) The board may contract with private organizations for administration of flexible benefit plans
23 in accordance with rules adopted under subsection (5) of this section.

24 **SECTION 6.** ORS 279A.025 is amended to read:

25 279A.025. (1) Except as provided in subsections (2) to (4) of this section, the Public Contracting
26 Code applies to all public contracting.

27 (2) The Public Contracting Code does not apply to:

28 (a) Contracts between a contracting agency and:

29 (A) Another contracting agency;

30 (B) The Oregon Health and Science University;

31 (C) The Oregon State Bar;

32 (D) A governmental body of another state;

33 (E) The federal government;

34 (F) An American Indian tribe or an agency of an American Indian tribe;

35 (G) A nation, or a governmental body in a nation, other than the United States; or

36 (H) An intergovernmental entity formed between or among:

37 (i) Governmental bodies of this or another state;

38 (ii) The federal government;

39 (iii) An American Indian tribe or an agency of an American Indian tribe;

40 (iv) A nation other than the United States; or

41 (v) A governmental body in a nation other than the United States;

42 (b) Agreements authorized by ORS chapter 190 or by a statute, charter provision, ordinance or
43 other authority for establishing agreements between or among governmental bodies or agencies or
44 tribal governing bodies or agencies;

45 (c) Insurance and service contracts as provided for under ORS 414.115, 414.125, 414.135 and

- 1 414.145 for purposes of source selection;
- 2 (d) Grants;
- 3 (e) Contracts for professional or expert witnesses or consultants to provide services or testimony
4 relating to existing or potential litigation or legal matters in which a public body is or may become
5 interested;
- 6 (f) Acquisitions or disposals of real property or interest in real property;
- 7 (g) Sole-source expenditures when rates are set by law or ordinance for purposes of source se-
8 lection;
- 9 (h) Contracts for the procurement or distribution of textbooks;
- 10 (i) Procurements by a contracting agency from an Oregon Corrections Enterprises program;
- 11 (j) The procurement, transportation or distribution of distilled liquor, as defined in ORS 471.001,
12 or the appointment of agents under ORS 471.750 by the Oregon Liquor Control Commission;
- 13 (k) Contracts entered into under ORS chapter 180 between the Attorney General and private
14 counsel or special legal assistants;
- 15 (L) Contracts for the sale of timber from lands owned or managed by the State Board of Forestry
16 and the State Forestry Department;
- 17 (m) Contracts for forest protection or forest related activities, as described in ORS 477.406, by
18 the State Forester or the State Board of Forestry;
- 19 (n) Sponsorship agreements entered into by the State Parks and Recreation Director in accord-
20 ance with ORS 565.080 (4);
- 21 (o) Contracts entered into by the Housing and Community Services Department in exercising the
22 department's duties prescribed in ORS chapters 456 and 458, except that the department's public
23 contracting for goods and services is subject to ORS chapter 279B;
- 24 (p) Contracts entered into by the State Treasurer in exercising the powers of that office pre-
25 scribed in ORS chapters 178, 286A, 287A, 289, 293, 294 and 295, including but not limited to invest-
26 ment contracts and agreements, banking services, clearing house services and collateralization
27 agreements, bond documents, certificates of participation and other debt repayment agreements, and
28 any associated contracts, agreements and documents, regardless of whether the obligations that the
29 contracts, agreements or documents establish are general, special or limited, except that the State
30 Treasurer's public contracting for goods and services is subject to ORS chapter 279B;
- 31 (q) Contracts, agreements or other documents entered into, issued or established in connection
32 with:
- 33 (A) The issuance of obligations, as defined in ORS 286A.100 and 287A.310, of a public body;
- 34 (B) The making of program loans and similar extensions or advances of funds, aid or assistance
35 by a public body to a public or private body for the purpose of carrying out, promoting or sustaining
36 activities or programs authorized by law; or
- 37 (C) The investment of funds by a public body as authorized by law, and other financial trans-
38 actions of a public body that by their character cannot practically be established under the com-
39 petitive contractor selection procedures of ORS 279B.050 to 279B.085;
- 40 (r) Contracts for employee benefit plans as provided in ORS 243.105 (1), 243.125 (4), 243.221,
41 243.275, 243.291, 243.303 and 243.565;
- 42 (s) Contracts for *[employee]* benefit plans as provided in ORS 243.860 to 243.886; or
- 43 (t) Any other public contracting of a public body specifically exempted from the code by another
44 provision of law.
- 45 (3) The Public Contracting Code does not apply to the contracting activities of:

- 1 (a) The Oregon State Lottery Commission;
 - 2 (b) The Oregon University System and member institutions, except as provided in ORS 351.086;
 - 3 (c) The legislative department;
 - 4 (d) The judicial department;
 - 5 (e) Semi-independent state agencies listed in ORS 182.454, except as provided in ORS 279.835 to
 - 6 279.855 and 279A.250 to 279A.290;
 - 7 (f) Oregon Corrections Enterprises;
 - 8 (g) The Oregon Film and Video Office, except as provided in ORS 279A.100 and 279A.250 to
 - 9 279A.290;
 - 10 (h) The Travel Information Council, except as provided in ORS 279A.250 to 279A.290;
 - 11 (i) The Oregon 529 College Savings Network and the Oregon 529 College Savings Board;
 - 12 (j) The Oregon Innovation Council;
 - 13 (k) The Oregon Utility Notification Center; or
 - 14 (L) Any other public body specifically exempted from the code by another provision of law.
- 15 (4) ORS 279A.200 to 279A.225 and 279B.050 to 279B.085 do not apply to contracts made with
- 16 qualified nonprofit agencies providing employment opportunities for individuals with disabilities un-
- 17 der ORS 279.835 to 279.855.

18 **SECTION 7. The Oregon Educators Benefit Board may take any action before the oper-**

19 **ative date specified in section 8 of this 2009 Act that is necessary to enable the board to ex-**

20 **ercise, on and after the operative date specified in section 8 of this 2009 Act, all the duties,**

21 **functions and powers conferred on the board by the amendments to ORS 243.860, 243.864,**

22 **243.866, 243.874, 243.878 and 279A.025 by sections 1 to 6 of this 2009 Act.**

23 **SECTION 8. The amendments to ORS 243.860, 243.864, 243.866, 243.874, 243.878 and**

24 **279A.025 by sections 1 to 6 of this 2009 Act become operative on January 1, 2010.**

25 **SECTION 9. This 2009 Act being necessary for the immediate preservation of the public**

26 **peace, health and safety, an emergency is declared to exist, and this 2009 Act takes effect**

27 **on its passage.**

28