

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 514 - A

Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session  
Legislative Fiscal Office

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### Measure Description:

Mandates that if the Department of Consumer and Business Services (DCBS) adopts rules establishing a reinsurance program for children's coverage, the Oregon Medical Insurance Pool (OMIP) Board shall include the costs of such program in the OMIP assessment.

### Government Unit(s) Affected:

Oregon Health Authority (OHA), Department of Consumer and Business Services (DCBS)

### Expenditure Impact:

See Analysis

### 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:

Oregon Medical Insurance Pool (OMIP) is the state's high risk health insurance pool, providing access to health insurance for high health risk individuals, and people with portability coverage. The OMIP premium rates are set at between 100% and 125% of the average individual premium for a comparable benefit plan. The health insurance premiums paid into the program by the members cover approximately 50% of what the average OMIP member incurs in health claims expenditures. The remaining 50% in losses are then paid through an assessment on health insurance carriers based on the number of insured lives by carrier. SB 514A would allow the costs associated with a reinsurance pool program for children to be included in the OMIP assessment, if the Department of Consumer and Business Services (DCBS) were to adopt rules establishing such a program.

### Department of Consumer and Business Services (DCBS)

This bill has no impact on DCBS. Using existing staff and resources, the agency is already engaged in rulemaking under existing authority to establish a children's reinsurance program.

### Oregon Health Authority (OHA)

OHA reports that any work associated with the implementation of benefit plan changes would be absorbed by existing staff and resources. However, SB 514A could change health insurance premiums in the commercial market. Insurers offering these health benefit plans may experience increased administrative costs associated with this program. Such costs would likely be covered by premium payments. Consumers may see costs increase to cover the additional administrative program expenses. In addition, this potential impact on commercial health insurance premiums could have an indeterminate impact on the following Private Health Partnership programs: OMIP, Federal Medical Insurance Pool (FMIP), Healthy Kids, Family Health Insurance Assistance Program (FHIAP).