

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 608 - A

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

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### Measure Description:

Establishes program to provide subsidies for medical professional liability insurance premiums paid by health practitioners located in underserved rural communities.

### Government Unit(s) Affected:

Oregon Health Authority (OHA), Oregon Health Sciences University (OHSU)

### Summary of Fiscal 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:

Senate Bill 608 directs the Oregon Health Authority (OHA) to establish a program to provide medical liability insurance premium subsidies to physicians and nurse practitioners in underserved rural communities. Subsidies cover a percentage of a provider's actual insurance premium, and are offered at varying rates based on the provider's specialty, with the highest subsidies given to practitioners providing obstetric care.

A similar subsidy was created in 2003 with a four-year sunset. In 2007, legislation was passed to extend and modify the subsidy program for an additional four years. This bill establishes a similar subsidy program without a time limit. The State Accident Insurance Fund Corporation (SAIF), the Department of Consumer and Business Services (DCBS), and the Office of Rural Health (ORH) administered this medical liability insurance subsidy program from 2003 to 2011. This bill directs the Oregon Health Authority to administer the program starting January 1, 2012.

### Oregon Health Authority (OHA)

To administer the subsidy program as mandated by this bill, OHA anticipates establishing two permanent part-time Operations and Policy Analyst positions. One analyst will hold responsibility for coordinating the program, working with the Office of Rural Health on eligibility, enrolling program participants and distributing payments to insurers. The second analyst will conduct audits to ensure appropriate physician and insurer participation. Personal Services and associated Services and Supplies expenses for the subsidy program is estimated at \$158,792 General Fund for the 2011-13 biennium and \$186,586 General Fund for the 2013-15 biennium. Contract costs for the certification of subsidy participants are estimated at \$30,000 General Fund for the 2011-13 biennium and \$40,000 General Fund for the 2013-15 biennium. Based on current annual subsidies paid out by SAIF between 2005 – 2010, the authority calculates subsidies payments to insurers to be \$7,051,575 General Fund for the 2011-13 biennium and \$9,402,100 General Fund for the 2013-15 biennium.

In summary, OHA estimates the cost of administering this program to be \$7,240,367 General Fund and 0.75 FTE for 18 months of the 2011-13 biennium and \$9,628,686 General Fund and 1.00 FTE for the full 24 months of the 2013-15 biennium.

Oregon Health Sciences University (OHSU)

The bill allows OHA to contract with the Office of Rural Health to provide certification services for subsidy participants. The authority anticipates contracting with OHSU for this verification service including the calculation of the Medicaid/Medicare clients in the service areas. OHSU and OHA estimate the price of this contract to be \$30,000 General Fund for the 18 months of 2011-13 biennium and \$40,000 General Fund for the full 24 months of the 2013-15 biennium.