

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 633

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

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### Measure Description:

Exempts accident only insurance policies from payment of assessment on gross amount of premiums.

### Government Unit(s) Affected:

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

### Expenditure and Revenue 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:

SB 633 exempts accident only, specified disease and hospital indemnity policies from payment of assessment on gross amount of premiums. This legislation takes effect on January 1, 2012.

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

SB 633 has minimal expenditure impact on the Department of Consumer and Business Services. DCBS collects this one percent assessment on premiums from these policies, and will use existing staff and resources to modify computer systems to comply with the requirements of this bill.

However, DCBS estimates that exemption of accident only, specified disease and hospital indemnity policies will result in a reduction of about \$533,000 in assessment premiums collected. Under current law, this assessment revenue is transferred to the Oregon Health Authority to help fund Oregon Healthy Kids programs

### Oregon Health Authority (OHA)

Passage of SB 633 will result in a reduction of about \$533,000 Other Funds revenue for Oregon Healthy Kids programs (\$376,000 in the 2011-13 biennium and \$157,000 in the 2013-15 biennium). Of this amount, \$106,000 is budgeted to be transferred to the Office of Private Health Partnerships (OPHP) Healthy Kids Connect program, and \$427,000 to the Division of Medical Assistance Programs (DMAP) to cover children in the Oregon Health Plan. In losing the \$106,000 Other Funds, the Healthy Kids Connect program could also lose about \$301,692 in matching Federal Funds. OHA reports that this loss of Other Funds and Federal Funds revenue could mean a reduction in caseload of about 55 members per month for the Healthy Kids Connect program. The population served by the DMAP Oregon Health Plan is a mandatory population, and the loss of other funds revenue may need to be offset by the General Fund if there are not sufficient funds from the remaining premium tax revenue.

In sum, passage of SB 633 could result in the following budgetary impact for the Oregon Health Authority:

- [1] A potential increase of up to approximately \$427,000 in General Fund expenditures.
- [2] Decrease of \$533,000 Other Funds revenues.
- [3] Decrease of \$301,692 Federal Funds revenues.

Note that under current law, this one percent assessment on premiums sunsets September 30, 2013.