

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 717 - A**

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

Prepared by: Matt Stayner
 Reviewed by: Steve Bender, Doug Wilson
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Measure Description:

Authorizes Director of Department of Consumer and Business Services to conduct hearing on insurer's request for approval of premium rates.

Government Unit(s) Affected:

Department of Consumer and Business Services (DCBS)

Summary of Expenditure Impact:

	2011-13 Biennium	2013-15 Biennium
Other Funds	449,576	573,684
Total Funds	\$449,576	\$573,684
Positions	2	2
FTE	1.50	1.50

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:

The measure requires the Department of Consumer and Business Services (DCBS) to hold public meetings to determine whether proposed small employer group and individual health benefit plan rate filings that affect 1,000 or more policy holders and that request premium rate increases of 7% or greater, meet statutory requirements and have no grounds for statutory disapproval.

DCBS is also required to certify certain groups or associations of policy holders, or certain consumer assistance organizations or ombudsman, as intervenors to formally participate in any proceedings, and is required to conduct public hearings on proposed rate filings when a certified intervenor so requests.

This fiscal impact of the measure is uncertain and is dependent on the number of public meetings and public hearings conducted as a result of the bill. Of the small group and individual health benefit plan rate filings that DCBS received in 2010, 20 out of 33 of the filings met the criteria for public hearing as proposed by the measure. For the purposes of this analysis, it is assumed that 20 filings will be received in a year meeting the criteria. It is also assumed that one public hearing, each year, will be requested by a certified intervenor as provided for by the measure. For DCBS, the largest cost component of these meetings and hearings (\$248,520 in the 2011-13 biennium) is the need for contracted professional actuarial services to analyze the proposed rate increases and provide professional testimony at rate hearings. DCBS projects that two additional positions comprising 1.5 FTE would also be required to fulfill the requirements of the measure. The 0.5 FTE policy analyst would manage the agency's role in the hearings and draft rulemaking. The 1.0 FTE administrative specialist position's responsibilities would include providing notification as required by the measure, administering and scheduling of public meetings, and establishing processes for and certification of intervenors. Remaining costs for DCBS include the costs of the hearings themselves and Attorney General charges for hearings and rulemaking.

The operating expenses for DCBS are paid from licenses and fees charged to the entities that it regulates. This fiscal impact assumes that the cost of this bill will be paid out of these Other Funds revenues. The Insurance Division has also received Federal grants to support expenses relating to health insurance rate reviews, and is eligible to apply for additional Federal grants for this purpose. The Legislative Fiscal Office is uncertain whether Federal grant funds may be used to finance the activities required under this bill.