



## OREGON STATE TREASURY

**Testimony in Support of HB 4164  
House Health Care Committee  
Cora Parker, Director of Finance, Oregon State Treasury**

**February 1, 2012**

For the record, my name is Cora Parker. I am the Director of Finance with the Oregon State Treasury. In that position, my staff and I are responsible for the cash management functions of Oregon's state agencies and, where applicable, Oregon local governments.

Let me begin by apologizing for not having had the opportunity to have this conversation with you during the 2011 Regular Session. Senate Bill 99, the original bill establishing the Oregon Health Insurance Exchange and defining its administrative authorities, including cash management functions, eluded our legislative review process. Otherwise, we would have had this important discussion with you last session and suggested the appropriate changes at that time.

Please note that while Senate Bill 99 created the Exchange as a public corporation not held to a variety of public administrative requirements (DAS budget and fiscal oversight, as one example), it established the Oregon Health Insurance Exchange Fund for the Exchange at Treasury and gave the Executive Director of the Exchange the authority to borrow funds under ORS 293.214. It appears that the provisions of the original bill were modeled after a public corporation model that Treasury has long acknowledged is no longer acceptable. Notably, in recent sessions we have made it clear that any model that provides for OST to "bank" entities that are not state agencies with the statutory requirements and protections provided for and to state agencies is unacceptable.

House Bill 4164 amends the requirement for the Exchange to be banked at OST and clarifies bonding, financing, and investment authorities. Notably, the bill provides the following:

- Section 1 (page 3, lines 10 – 20): Clarifies that any debt (bonding or other financing) issued by the Oregon Health Insurance Exchange Corporation (the "Corporation") is not a full faith and credit pledge of the State of Oregon or any of its revenues.
- Section 2 (page 3, lines 23-41): Removes establishment of Oregon Health Insurance Exchange Fund in the State Treasury and authorizes the Corporation to establish accounts at depositories that are otherwise authorized under Oregon public funds laws. Treats Corporation like other "non-agency" state entities. References to "the Oregon Health Insurance Exchange Fund" are replaced with "an account" throughout the remainder of the bill to acknowledge this change.
- Section 3 (page 3, lines 42-44): Clarifies that any monies deposited under the original provisions of law are authorized for deposit and expenditure under revised statutory provisions.
- Section 4 (page 4, lines 22-25): Grants/clarifies investment authority specifying authorized investments under ORS Chapter 294. Limits echo those prescribed for Oregon local governments.

- Section 5 (page 5, line 8): Removes authorization to establish a line of credit under ORS 293.214 (which is limited to state agencies).

We have worked closely with the Exchange during the interim to suggest language for this important legislative change and to help them meet their cash management needs in the meantime.

We recommend your support of the bill.

Thank you.