

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4046

Seventy-Sixth Oregon Legislative Assembly – 2012 Regular Session
Legislative Fiscal Office

Prepared by: Kim To
Reviewed by: Linda Ames, Steve Bender
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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)

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:

HB 4046 exempts insurers from paying a one percent assessment on premiums for accident only, specified diseases, and hospital indemnity policies. This legislation takes effect on July 1, 2013. Note that under current law, this one percent assessment on premiums sunsets September 30, 2013.

Department of Consumer and Business Services (DCBS)

HB 4046 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 \$76,000 in assessment premiums collected. The impact of the measure on assessment collections would equal approximately \$608,000 per biennium, but the impact is limited to \$76,000 because of the scheduled September 2013 sunset. 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 HB 4046 will result in a reduction of about \$76,000 Other Funds revenue for Oregon Healthy Kids programs for the three months between July 1 and September 30, 2013. Of this amount, \$15,200 is budgeted to be transferred to the Office of Private Health Partnerships (OPHP) Healthy Kids Connect program, and \$60,800 to the Division of Medical Assistance Programs (DMAP) to cover children in the Oregon Health Plan. In losing the \$15,200 Other Funds, the Healthy Kids Connect program could also lose about \$43,099 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 HB 4046 could result in the following budgetary impact for the Oregon Health Authority:

- [1] A potential increase of up to approximately \$60,800 in General Fund expenditures.
- [2] Decrease of \$76,000 Other Funds revenues.
- [3] Decrease of \$43,099 Federal Funds revenues.

Note the following similar legislation in previous sessions: SB 633 (2011), HB 3622 (2010).