

**REVENUE: No revenue impact**

**FISCAL: Fiscal statement issued**

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<b>Action:</b>	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by Prior Reference
<b>Vote:</b>	9 - 0 - 0
<b>Yeas:</b>	Clem, Conger, Harker, Kennemer, Keny-Guyer, Lively, Thompson, Weidner, Greenlick
<b>Nays:</b>	0
<b>Exc.:</b>	0
<b>Prepared By:</b>	Tyler Larson, Administrator
<b>Meeting Dates:</b>	3/8, 3/20

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**WHAT THE MEASURE DOES:** Aligns Oregon health insurance law with Patient Protection and Affordable Care Act (PPACA) use either PPACA or ACA but don't switch back and forth. Establishes requirements for health benefit plan. Abolishes office of Private Health Partnerships and ends Family Health Insurance Assistance Program. Modifies Health Care for All Oregon Children program to terminate eligibility at 19 years of age, allows Department of Human Services or Oregon Health Authority specify eligibility requirements for private health option. Allows purchase of insurance through Oregon Health Insurance Exchange (Cover Oregon) for private health option and prohibits child from qualifying for private health option and medical assistance programs. Directs Department of Consumer and Business Services (DCBS) adopt rules adjusting risk between insurers. Allows insurers to increase rates in 2014 to reflect taxes and fees. Requires DCBS adopt rules defining network adequacy. Raises definition of small employer from 50 to 100 employees. Abolishes Oregon Medical Insurance Pool June 30, 2015. Declares an emergency, effective on passage.

**ISSUES DISCUSSED:**

- Provisions of the bill

**EFFECT OF COMMITTEE AMENDMENT:** Directs Department of Consumer and Business Services (DCBS) to adopt rules adjusting risk between insurers. Allows insurers to increase rates in 2014 to reflect taxes and fees. Requires DCBS adopt rules defining network adequacy. Raises definition of small employer from 50 to 100 employees.

**BACKGROUND:** In 2010, the federal government enacted the Patient Protection and Affordable Care Act (ACA). The ACA aims to decrease the number of uninsured Americans and reduce the overall costs of health care. The ACA creates mandates, subsidies and tax credits to employers and individuals to increase the coverage rate.

Four key pieces of legislation bring Oregon into compliance with the provisions of the ACA and update related programs:

- House Bill 2240-A implements federal requirements in Oregon's insurance code and abolishes programs which are obsolete with provisions of ACA.
- House Bill 3458-A establishes the Oregon Supplemental Reinsurance Program in the Oregon Health Authority. The program stabilizes rates and premiums for the market by providing supplemental reinsurance payments to insurers.
- House Bill 2859-A updates Oregon's medical assistance programs to reflect federal Medicaid and Children's Health Insurance Program changes.
- House Bill 2091-A updates the Health Care for All Oregon Children Program to reflect federal requirements.

3/21/2013 11:41:00 AM

*This summary has not been adopted or officially endorsed by action of the committee.*

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: HB 2240 - A**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office**Only Impacts on Original or Engrossed  
Versions are Considered Official**Prepared by: Kim To  
Reviewed by: Linda Ames, Susie Jordan  
Date: 4/16/2013**Measure Description:**

Aligns Oregon health insurance law with changes in federal law.

**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.

**Summary of Net Expenditure Impact – Oregon Health Authority**

	2013-15 Biennium	2015-17 Biennium - TBD
General Fund	(237,093)	
Other Funds	(65,778)	
Federal Funds	40,416,280	
<b>Total Funds</b>	<b>\$40,113,409</b>	
Positions	0	
FTE	(22.50)	

**Analysis:**

House Bill 2240 A-Engrossed amends Oregon health insurance law to align with the Affordable Care Act (ACA), the health care reform legislation, and adds market reforms and federal requirements to the Insurance Code.

**Oregon Health Authority (OHA)**

House Bill 2240-A abolishes the Office of Private Health Partnership (OPHP) and the Family Health Insurance Assistance Program (FHIAP). OHA reports that currently FHIAP supports approximately 5,333 total lives, approximately 82% will be eligible for direct transfer from FHIAP into the Oregon Health Plan (OHP), and approximately 18% will be directed toward CoverOregon. Planning for client transition has been underway since 2012. Provisions of this bill were anticipated in the 2013-15 Governor's Budget (Policy Option Package 090). Reductions in Personal Services were not included in Package 090. Calculations in this fiscal have been adjusted to reflect the phase out of 31 positions by January 2014.

**Expenditure Impact – Abolishing OPHP, and FHIAP**

	2013-15 Biennium	2015-17 Biennium - TBD
General Fund	(2,514,368)	
Other Funds	(65,778)	
Federal Funds	(2,543,507)	
<b>Total Funds</b>	<b>(\$5,123,653)</b>	
Positions	0	
FTE	(22.50)	

Passage of this bill will result in an increase in the population for whom MAP administers benefits. OHA estimates the cost of the population increase to be approximately \$45,237,062 Total Funds for the 2013-15 biennium.

**Expenditure Impact – Medical Assistance Programs (MAP)**

	<b>2013-15 Biennium</b>	<b>2015-17 Biennium - TBD</b>
General Fund	2,277,275	
Other Funds	0	
Federal Funds	42,959,787	
<b>Total Funds</b>	<b>\$45,237,062</b>	
Positions	0	
FTE	0.00	

These adjustments will be included in House Bill 5030, the Oregon Health Authority budget appropriation bill.

Department of Consumer and Business Services (DCBS)

Passage of this bill is anticipated to have minimal fiscal impact on the Department of Consumer and Business Services. HB 2240 allows an insurer a one-time opportunity to adjust rates without review by DCBS to reflect new state and federal fees. The bill specifies that DCBS may establish by administrative rule, a procedure for adjusting risk between insurers. DCBS anticipates using existing staff and resources to carry out the rulemaking work required by this bill.