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# MEMORANDUM

Legislative Fiscal Office  
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**To:** Human Services Subcommittee of the Joint Committee on Ways and Means

**From:** Linda Ames, Legislative Fiscal Office  
503-986-1830

**Date:** June 24, 2013

**Subject:** HB 3260-A  
Work Session Recommendation REVISED

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HB 3260-A requires the Oregon Health Authority to conduct a study, or to contract with a third party to conduct a study, to examine options for financing health care delivery in Oregon. Four general types of options are required. OHA is required to submit the final report by November 2014.

The measure previously had hearings in the House Committee on Health Care on 4/5/2013 and 4/12/2013, and in this Subcommittee on 5/14/2013 and 6/17/2013.

The measure, the original staff measure summary, and fiscal impact statement are available on the Oregon Legislative Information System (OLIS).

OHA anticipates contracting with a third party to conduct the study. The cost is expected to be roughly \$600,000, and no sources of funding are currently known. If external funding is not found, the agency is not obligated to conduct the study.

## **Amendment**

The proposed -A7 amendment removes language that allows OHA the option to conduct the study internally, requiring that the agency must contract with a third party to conduct the study. In addition, it eliminates the requirement that one of the options include funding with sales tax.

**Motion: I move the -A7 amendment to HB 3260-A.**

**Measure as Modified**

The measure, as amended, is recommended to be moved to the Full Committee on Joint Ways and Means.

**Motion: I move HB 3260-A to the Joint Committee on Ways and Means with a “do pass” recommendation, as amended.**

**Assignment of Carriers**

Full: \_\_\_\_\_

Senate: \_\_\_\_\_

House: \_\_\_\_\_

**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>	4/5, 4/12

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**WHAT THE MEASURE DOES:** Requires Oregon Health Authority conduct study examining options for financing health care in Oregon. Specifies criteria and requires report include recommendation based on established criteria. Requires task force estimate potential savings to local governments and government agencies for each plan. Requires report to interim health care committees and to 2015 regular session of Legislative Assembly. Clarifies publicly financed single payer option is privately delivered. Adds option for sales-tax funded plan. Authorizes OHA accept funds to conduct study. Requires OHA use gifts, grants and other funds from public and private sources. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Health care study goals and options
- Challenges of controlling rising health care costs
- Challenges of ensuring all Oregonians have access to health care

**EFFECT OF COMMITTEE AMENDMENT:** Requires task force estimate potential savings to local governments and government agencies for each plan. Clarifies publicly financed single payer option is privately delivered. Adds option for sales-tax funded plan. Authorizes OHA accept funds to conduct study. Requires OHA use gifts, grants and other funds from public and private sources to finance study.

**BACKGROUND:** According to the Kaiser Family Foundation and Health Research and Educational Trust, health expenditures in the United States neared \$2.6 trillion in 2010, and total government healthcare spending accounted for 17.9 percent of the nation’s Gross Domestic Product. Family premiums in employer-sponsored health coverage have increased 97 percent since 2002. In addition, the U.S. Census Bureau reports that in the same year, 15.7 percent of the population had no health insurance.

In an attempt to better understand how to deliver health care to all Oregonians, House Bill 3260-A establishes criteria for evaluating health care delivery and financing in the state, and requires the Oregon Health Authority to conduct a study to determine what option best satisfies these criteria. The study will make recommendations as to what options most efficiently and effectively provide health care for all Oregonians.

4/16/2013 4:48:00 PM

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

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: HB 3260 - A7**Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session  
Legislative Fiscal Office***Only Impacts on Original or Engrossed  
Versions are Considered Official***

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Prepared by: Kim To  
Reviewed by: Linda Ames  
Date: 6/24/2013

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**Measure Description:**

Requires Oregon Health Authority to conduct study or contract with third party to study and recommend best option for financing health care in state.

**Government Unit(s) Affected:**

Oregon Health Authority (OHA)

**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:**

House Bill 3260 requires the Oregon Health Authority to conduct a study or to contract with a third party to conduct a study to examine options for financing health care delivery in Oregon. The options should include:

1. An option for a publicly financed single-payer model for financing privately delivered health care that is decoupled from employment and allows commercial insurance coverage only of supplemental health services not paid for under the option.
2. An option that allows individuals to choose between a publicly funded plan and private insurance coverage, and allows for fair and robust competition between public and private insurance.
3. The current health care financing system in the state that includes Coordinated Care Organizations, the Oregon health insurance exchange, and full implementation of the Affordable Care Act.
4. An option that provides essential health benefits, including preventive care and hospital services that allows a person to access the commercial market to purchase coverage that is not under the plan.

The bill directs OHA to report on the progress of the study during the 2014 legislative session, and to submit the final report to the interim legislative committee no later than November 1, 2014. The bill sunsets January 2, 2016.

The – A7 amendment removes the option that is funded by a broad based and constitutionally dedicated sales tax that does not tax income or payroll, and removes language that allows OHA the option to conduct the study internally, stipulating that OHA must contract with a third part to conduct the study. The – A7 amendment does not change the fiscal determination.

To carry out the work required by the bill, OHA anticipates contracting with a third party. Using cost information for comparable work conducted by the New York State Department of Health and Department of Insurance, the Oregon Health Authority estimates the cost of this study to be roughly \$600,000 Total Funds.

The bill instructs OHA to accept funding from a variety of sources to carry out this study. The bill stipulates that OHA is only obligated to conduct this study, if this external funding is available. Note, at this time no source of external funding has been identified.

**PROPOSED AMENDMENTS TO  
A-ENGROSSED HOUSE BILL 3260**

1 On page 1 of the printed A-engrossed bill, line 26, delete “shall conduct  
2 a study or”.

3 On page 2, delete lines 17 and 18.

4 In line 19, delete “(B)” and insert “(A)”.

5 In line 21, delete “(C)” and insert “(B)”.

6 In line 23, delete “(D)” and insert “(C)”.

7 In line 25, delete “(E)” and insert “(D)”.

8 In line 27, delete “(F)” and insert “(E)”.

9 In line 28, delete “(G)” and insert “(F)”.

10 In line 43, delete “authority or the”.

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