

TO: Members of the House Health Care Committee

FROM: Hasina E. Squires, Special Districts Association of Oregon

DATE: February 22, 2013

RE: **House Bill 2279 Testimony**

Members of the House Health Care Committee, thank you for the opportunity to appear before you today to provide testimony regarding HB 2279. The Special Districts Association of Oregon's (SDAO) membership consists of approximately 950 special service districts that provide a range of services including but not limited to water, wastewater, irrigation, parks and recreation, 9-1-1 and rural fire protection. Nearly half of our member districts have 5 or fewer FTE and 40% of our member districts have budgets of \$100,000 or less.

In 1987 SDAO began sponsoring a small group association health plan in effort to assist our small member districts who were unable to obtain affordable health insurance coverage on their own. Currently we have 210 of our member districts participate in our group health plan (65% of those districts have five or fewer covered employees). We believe the program we sponsor has been successful and has provided affordable health care coverage largely because we have been able to offer multiple choices of plans to fit districts that can often differ in sizes and financial capability.

The plan appears to be affordable for many of our districts. In fact, this upcoming plan year will be the second year in a row that our fire district members have not faced rate increases. Many of our rural districts are not well funded and are not able to afford plans that are considered "rich" with benefits.

Each year we look for options on behalf of our members to assist in controlling costs. We have had discussions about merging our plan with larger groups and even explored our options with PEBB. We have met with representatives of PEBB in the past to discuss the possibility of allowing our members to join. However, after an analysis of PEBB rates and plan designs it became very apparent that the majority of our members could not afford PEBB as an option, even if it were available.

SDAO supports the ability to provide our members with multiple options when it comes to selecting health care coverage, especially in this time of ever changing health care reform and rising costs. We have provided our members with training and information related to the new Health Care Exchange and continue to help them evaluate alternatives.

Currently, all but five of our participating members are small groups so they will be eligible to participate in the exchange in 2014.

Prior to today's hearing we met with the bill's sponsor (Representative Mitch Greenlick) and clarified that the intent of HB 2279 was to allow local governments to participate in the benefit plans provided by PEBB and OEGB. We support providing our members with multiple options as it relates to health care coverage and plans offered by different entities. However, in the event that the bill mandated participation in OEGB or PEBB we would object based on the inability of our small members' ability to be able to afford the plans currently offered by PEBB and OEGB.

Our reading of the language on page 10, lines 15 to 21 appears to make joining OEGB or the Health Care Exchange mandatory for our members. It is our understanding that amendments are forthcoming from the sponsor. We look forward to reviewing those amendments and supporting options, not mandates, for our special district members.

Thank you for the opportunity to submit testimony regarding HB 2279 I would be pleased to answer any questions committee members may have.