

# HB 2279 allowing local governments to benefit from PEBB and OEGB

**What the bill does:** The bill's primary function is to allow cities, counties and special districts to join PEBB or OEGB if they believe it is the right decision for them. There is no mandate it is a voluntary process. PEBB and OEGB will have to make rules around how to deal with the effects of the municipalities joining. We are honestly unsure how many will want to join the desire is to simply create an option for local governments. Once a municipality joins PEBB or OEGB they can only opt out into the health exchange. We believe this is important because there is a strong need for stability in PEBB and OEGB and allowing a revolving door could have an adverse effect on both pools.

There are still questions that are not within the scope of the bill and will need to be worked out with the administrators of both pools. We are working with them, the Governor's office and several local governments on how join an EBB will work in practice. The bill makes it clear that at passage the process of determining the details can start right away. The goal is to give cities, counties and special districts more choice not cause problems for either EBBs.

**Why join:** Local governments are often on their own with limited options for healthcare for their employees. We believe that this bill would create an attractive option and allow local governments to get some relief from the rising cost of healthcare. Large municipalities will be able to join a larger pool with more bargaining power will help them control costs. In addition currently many of our smaller jurisdiction feel they are forced by circumstance to participate in CIS the insurance system offered by the League of Oregon Cities and Association of Oregon Counties. I do not want to debate the merits of CIS because I get conflicting reports but our members consistently want another option.

**Changes to PEBB and OEGB Board:** As more lives enter PEBB and OEGB that are currently not represented on the boards of either pool we will also be seeking some changes to the board make-up. We are asking to increase the size of the each board by two members an employee and employer representative that will represent local governments as soon as one life from local government enters the pool. Then we would like to add addition two seats every time 25,000 more lives are added. This increase would be capped at six members total on either board. We do not want to unbalance the Boards in the long term. We think this is unlikely to ever reach this many lives but we would like to allow for it.

**Bargaining:** The municipality can chose to join PEBB or OEGB but once they do the Bargaining Units will still have to bargain over employee contribution in the same way state workers and school district workers have to negotiate.

**The future:** We believe that this is an important bill long term. As the state moves toward hopefully a strong exchange and the CCO model for healthcare we believe it will

be advantageous to be within PEBB and OEBB. Both of which because of their strength in numbers and financial security will have a strong position bargaining position as changes are made. We believe it is in the best interest of our members to be within these pools and act collectively with other public sector employees.

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## Conceptual Amendments for HB 2279

There are a number of amendments that are needed for HB 2279. Legislative Council is working hard to get them drafted but they were unsure they would be ready for the hearing this Friday. Below is a list of the amendments that we have submitted and are being drafted. The numbering is for organizational proposes and does not correspond to any dash amendments.

1. There are a few places in the Bill especially Sections 20 and 21 that read as though a local government would be required to join OEGB. We are changing that to make it clear it is optional and in no way required.
2. Special Districts were not originally included in those local governments able to Join OEGB and we are changing that to allow them to join. (Section 13)
3. The Bill allows Local Governments in OEGB to opt out into the exchange and we are making sure those that join PEBB can also opt out into the exchange.
4. We added a clause to ensure that PEBB and OEGB can take all the necessary steps to prepare for local governments wanting to join by January 2014. We also make it clear that January 2014 would be the earliest they could join.
5. We made it clear that the decision to join PEBB or OEGB is not a mandatory subject of bargaining.
6. It is important that as Local Governments join PEBB and OEGB they have a voice on the boards. We will add two seats to each board as soon as a local government indicates that they are joining the EBB, one an employee seat and one employer seat. We will add two more seats to either board as 25,000 lives join the EBB. There will be a cap of 6 new seats.