

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2240 - B**

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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**Measure Description:**

Aligns Oregon health insurance law with changes in federal law.

**Government Unit(s) Affected:**

Department of Consumer and Business Services (DCBS), 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.

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

	<b>2013-15 Biennium</b>
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 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. The bill make several technical and clarifying changes, including:

- Restoring the definition of “group health insurance” because the term is necessary for other provisions of the Insurance Code.
- Clarifying that a carrier may not deny a small employer coverage under a health benefit plan if the employer fail to meet participation and contribution requirements, but may require small employers that do not meet those requirements to enroll during the open enrollment period beginning November 15 and ending December 15.
- Adding language to ensure that premium rating factors are consistent with the Affordable Care Act.
- Stipulating that carriers may request medical underwriting-type information in connection with the application for coverage in the individual, small group, and large group market.
- Specifying that the term “applicant” is meant to refer to all persons seeking coverage under a health benefit plan, including children, spouses, and other dependents.

Oregon Health Authority (OHA)

House Bill 2240 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**

	<b>2013-15 Biennium</b>
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>
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.