

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 789 - MRA

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:

Clarifies that only certain districts claiming exception from requirement to offer benefits provided and administered by Oregon Educators Benefit Board must undergo actuarial analysis by board to maintain exception; allows school districts to opt-out of OEGB plan pool if district can purchase similar coverage plan at lower premium rate.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Department of Community Colleges and Workforce Development, School Districts, Special Districts

Summary of Expenditure Impact:

Please see analysis

Local Government Mandate:

This bill may affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

The measure allows school districts to opt-out of plans offered by the Oregon Educators Benefit Board (OEGB) in the event that a school district can obtain essentially equal coverage at a lower premium cost. The measure as amended would create an adverse selection model where the plans offered by OEGB would only be utilized by those districts that could not receive lower cost plans due to poor claims experience. As districts with lower claim costs, and therefore potentially lower premium rates, exit from the pool, it is assumed that the premium rates of the remaining smaller pool would increase as the average claim cost increases. This may cause a continuing cycle of increasing premium costs and additional districts exiting until only those districts with the highest claim costs remain in the OEGB pool.

OEGB estimates that a 20 to 25 percent loss in current membership would result in a 5 to 7 percent increase in premium rates for medical, dental, and vision plans in the 2013-14 plan year. This increase equates to over \$50 million each biennium.

Any proposed legislation resulting in a fiscal impact on revenues or expenditures with regard to insurance premiums provided by OEGB will impact any educational entity that has mandated or elective coverage under OEGB. This includes school districts, community colleges, education service districts and some charter schools. The revenue sources for these educational entities should be evaluated for a possible Ballot Measure 30 impact under section 15, Article XI of the Oregon Constitution