

**Enrolled**  
**House Bill 2279**

Sponsored by Representative GREENLICK; Representative THOMPSON (Presession filed.)

CHAPTER .....

AN ACT

Relating to participation of employees of local governments in certain benefit plans; creating new provisions; and amending ORS 243.061, 243.105, 243.125, 243.135, 243.140, 243.145, 243.160, 243.170, 243.200, 243.215, 243.221, 243.275, 243.860, 243.862, 243.864, 243.866, 243.868, 243.874, 243.878 and 243.882.

**Be It Enacted by the People of the State of Oregon:**

**SECTION 1.** ORS 243.061 is amended to read:

243.061. (1) There is created in the Oregon Health Authority the Public Employees' Benefit Board consisting of **at least** eight voting members and two members of the Legislative Assembly as nonvoting advisory members. Two of the voting members are ex officio members and six are appointed by the Governor. The voting members shall be:

(a) Four members representing the state as an employer and management employees, who shall be as follows:

(A) The Director of the Oregon Health Authority or a designee of the director;

(B) The Administrator of the Office for Oregon Health Policy and Research or a designee of the administrator; and

(C) Two management employees appointed by the Governor from areas of state government other than the Oregon Health Authority or the Office for Oregon Health Policy and Research; and

(b) Four members appointed by the Governor and representing nonmanagement representable employees, who shall be as follows:

(A) Two persons from the largest employee representative unit;

(B) One person from the second largest employee representative unit; and

(C) One person from representable employees not represented by employee representative units described in subparagraphs (A) and (B) of this paragraph.

(2) One member of the Senate shall be appointed by the President of the Senate and one member of the House of Representatives shall be appointed by the Speaker of the House to serve as non-voting advisory members.

**(3)(a) If the governing body of a local government elects to participate in a benefit plan offered by the board, in addition to the members appointed under subsections (1) and (2) of this section, the Governor shall appoint two voting members, one of whom represents local government management and one of whom represents local government nonmanagement employees.**

**(b) After the appointment of members under paragraph (a) of this subsection, if the number of eligible employees of a local government or local governments enrolled in a benefit plan or plans offered by the board exceeds 25,000, the Governor shall appoint two additional**

voting members, one of whom represents local government management and one of whom represents local government nonmanagement employees.

(c) After the appointment of members under paragraphs (a) and (b) of this subsection, for every additional 25,000 eligible employees of a local government or local governments enrolled in a benefit plan or plans offered by the board, the Governor shall appoint one additional voting member representing local government management and one additional voting member representing local government nonmanagement employees.

(4) A maximum of three members may be appointed to represent local government management and a maximum of three members may be appointed to represent local government nonmanagement employees.

[3] (5) The term of office of each appointed voting member is four years, but an appointed voting member serves at the pleasure of the Governor. Before the expiration of the term of a voting member appointed by the Governor, the Governor shall appoint a successor to take office upon the date of that expiration. A member is eligible for reappointment. If there is a vacancy for any cause, the Governor shall make an appointment to become immediately effective for the unexpired term.

[4] (6) The appointments by the Governor of voting members of the board are subject to confirmation by the Senate in the manner prescribed in ORS 171.562 and 171.565.

[5] (7) Members of the board who are not members of the Legislative Assembly shall receive no compensation for their services, but shall be paid for their necessary and actual expenses while on official business in accordance with ORS 292.495. Members of the board who are members of the Legislative Assembly shall be paid compensation and expense reimbursement as provided in ORS 171.072, payable from funds appropriated to the Legislative Assembly.

(8) As used in this section, “benefit plan” and “local government” have the meanings given those terms in ORS 243.105.

**SECTION 2.** ORS 243.105 is amended to read:

243.105. As used in ORS 243.105 to 243.285, unless the context requires otherwise:

(1) “Benefit plan” includes, but is not limited to:

(a) Contracts for insurance or other benefits, including medical, dental, vision, life, disability and other health care recognized by state law, and related services and supplies;

(b) Comparable benefits for employees who rely on spiritual means of healing; and

(c) Self-insurance programs managed by the Public Employees’ Benefit Board.

(2) “Board” means the Public Employees’ Benefit Board.

(3) “Carrier” means an insurance company or health care service contractor holding a valid certificate of authority from the Director of the Department of Consumer and Business Services, or two or more companies or contractors acting together pursuant to a joint venture, partnership or other joint means of operation, or a board-approved guarantor of benefit plan coverage and compensation.

(4)(a) “Eligible employee” means an officer or employee of a state agency or local government who elects to participate in one of the group benefit plans described in ORS 243.135. The term includes, **but is not limited to**, state officers and employees in the exempt, unclassified and classified service, and state officers and employees, whether or not retired, who:

(A) Are receiving a service retirement allowance, a disability retirement allowance or a pension under the Public Employees Retirement System or are receiving a service retirement allowance, a disability retirement allowance or a pension under any other retirement or disability benefit plan or system offered by the State of Oregon for its officers and employees;

(B) Are eligible to receive a service retirement allowance under the Public Employees Retirement System and have reached earliest retirement age under ORS chapter 238;

(C) Are eligible to receive a pension under ORS 238A.100 to 238A.245, and have reached earliest retirement age as described in ORS 238A.165; or

(D) Are eligible to receive a service retirement allowance or pension under another retirement benefit plan or system offered by the State of Oregon and have attained earliest retirement age under the plan or system.

- (b) "Eligible employee" does not include individuals:
  - (A) Engaged as independent contractors;
  - (B) Whose periods of employment in emergency work are on an intermittent or irregular basis;
  - (C) Who are employed on less than half-time basis unless the individuals are employed in positions classified as job-sharing positions, unless the individuals are defined as eligible under rules of the board;
  - (D) Appointed under ORS 240.309;
  - (E) Provided sheltered employment or make-work by the state in an employment or industries program maintained for the benefit of such individuals; [or]
  - (F) Provided student health care services in conjunction with their enrollment as students at a public university listed in ORS 352.002[.]; or

**(G) Who are members of a collective bargaining unit that represents police officers or firefighters.**

(5) "Family member" means an eligible employee's spouse and any unmarried child or stepchild within age limits and other conditions imposed by the board with regard to unmarried children or stepchildren.

**(6) "Local government" means any city, county or special district in this state.**

[(6)] **(7) "Payroll disbursing officer" means the officer or official authorized to disburse moneys in payment of salaries and wages of employees of a state agency or local government.**

[(7)] **(8) "Premium" means the monthly or other periodic charge for a benefit plan.**

[(8)] **(9) "State agency" means every state officer, board, commission, department or other activity of state government.**

**SECTION 3.** ORS 243.125 is amended to read:

243.125. (1) The Public Employees' Benefit Board shall prescribe rules for the conduct of its business and for carrying out ORS 243.256. The board shall study all matters connected with the providing of adequate benefit plan coverage for eligible [state] employees on the best basis possible with relation both to the welfare of the employees and to the state **and local governments**. The board shall design benefits, devise specifications, analyze carrier responses to advertisements for bids and decide on the award of contracts. Contracts shall be signed by the chairperson on behalf of the board.

(2) In carrying out its duties under subsection (1) of this section, the goal of the board shall be to provide a high quality plan of health and other benefits for [state] employees at a cost affordable to both the employer and the employees.

(3) Subject to ORS chapter 183, the board may make rules not inconsistent with ORS 243.105 to 243.285 and 292.051 to determine the terms and conditions of eligible employee participation and coverage.

(4) The board shall prepare specifications, invite bids and do acts necessary to award contracts for health benefit plan and dental benefit plan coverage of eligible employees in accordance with the criteria set forth in ORS 243.135 (1).

**(5) The executive director of the board shall report to the Director of the Oregon Health Authority.**

[(5)] **(6)** The board may retain consultants, brokers or other advisory personnel when necessary and, subject to the State Personnel Relations Law, shall employ such personnel as are required to perform the functions of the board.

**SECTION 4.** ORS 243.135 is amended to read:

243.135. (1) Notwithstanding any other benefit plan contracted for and offered by the Public Employees' Benefit Board, the board shall contract for a health benefit plan or plans best designed to meet the needs and provide for the welfare of eligible employees, [and] the state **and the local governments**. In considering whether to enter into a contract for a plan, the board shall place emphasis on:

- (a) Employee choice among high quality plans;
- (b) A competitive marketplace;

- (c) Plan performance and information;
- (d) Employer flexibility in plan design and contracting;
- (e) Quality customer service;
- (f) Creativity and innovation;
- (g) Plan benefits as part of total employee compensation; and
- (h) The improvement of employee health.

(2) The board may approve more than one carrier for each type of plan contracted for and offered but the number of carriers shall be held to a number consistent with adequate service to eligible employees and their family members.

(3) Where appropriate for a contracted and offered health benefit plan, the board shall provide options under which an eligible employee may arrange coverage for family members.

(4) Payroll deductions for *[such]* costs *[as]* **that** are not payable by the state **or a local government** may be made upon receipt of a signed authorization from the employee indicating an election to participate in the plan or plans selected and the deduction of a certain sum from the employee's pay.

(5) In developing any health benefit plan, the board may provide an option of additional coverage for eligible employees and their family members at an additional cost or premium.

(6) Transfer of enrollment from one plan to another shall be open to all eligible employees and their family members under rules adopted by the board. Because of the special problems that may arise in individual instances under comprehensive group practice plan coverage involving acceptable physician-patient relations between a particular panel of physicians and particular eligible employees and their family members, the board shall provide a procedure under which any eligible employee may apply at any time to substitute a health service benefit plan for participation in a comprehensive group practice benefit plan.

(7) The board shall evaluate a benefit plan that serves a limited geographic region of this state according to the criteria described in subsection (1) of this section.

**SECTION 5.** ORS 243.140 is amended to read:

243.140. (1) Persons whose homes are certified as a foster home by the Department of Human Services under ORS 418.630 and as defined in ORS 418.625 (3) may participate in a health benefit plan available to *[state]* employees pursuant to ORS 243.105 to 243.285 at the expense of the foster parent. For such purposes, foster parents shall be considered eligible employees.

(2) A person who maintains a developmental disability child foster home that is certified by the department under ORS 443.830 and 443.835 may participate in a health benefit plan available to *[state]* employees pursuant to ORS 243.105 to 243.285 at the expense of the person. For such purposes, the person maintaining the home shall be considered an eligible employee.

(3) Persons who participate in the health benefit plan pursuant to subsections (1) and (2) of this section may also participate in a dental plan available to *[state]* employees pursuant to ORS 243.105 to 243.285 at the expense of the foster parent or the person maintaining the developmental disability child foster home.

**SECTION 6.** ORS 243.145 is amended to read:

243.145. (1) The Public Employees' Benefit Board shall have authority to employ whatever means are reasonably necessary to carry out the purposes of ORS 243.105 to 243.285 and 292.051. *[Such authority shall include]* **The board's authority includes**, but is not limited to, **the** authority to self-insure and to seek clarification, amendment, modification, suspension or termination of any agreement or contract that in the board's judgment requires such action.

(2) Upon providing specific notice in writing to the carrier, the affected employee organization or organizations, the Oregon Health Authority and affected[,] eligible employees, and after affording opportunity for a public hearing upon the issues that may be involved, the board may enter an order withdrawing approval of any benefit plan. Thirty days after entry of the order, the board shall terminate all withholding authorizations of eligible employees and terminate all board-approved participation in the plan.

(3) The board by order may terminate the participation of any state agency **or local government** if within three months the state agency **or local government** fails to perform any action required by ORS 243.105 to 243.285 and 292.051 or by board rule.

**SECTION 7.** ORS 243.160 is amended to read:

243.160. A retired state **or local government** officer or employee is not required to participate in one of the group benefit plans described in ORS 243.135 in order to obtain dental benefit plan coverage. The Public Employees' Benefit Board shall establish by rule standards of eligibility for retired officers or employees to participate in a dental benefit plan.

**SECTION 8.** ORS 243.170 is amended to read:

243.170. When more than one individual shares a single position that is classified as a job-sharing position, the state **or the local government** shall contribute to obtain coverage for the individuals a total amount not greater than the amount that would be contributed to obtain coverage for one individual in the same position. The individuals shall receive credit for the state **or local government** contribution in such proportions as they and the employer agree upon, and each individual who desires coverage shall make further contribution in such amounts as may be appropriate.

**SECTION 9.** ORS 243.200 is amended to read:

243.200. (1)(a) The Public Employees' Benefit Board may allow self-pay groups to participate in benefit plans available to eligible [*state*] employees, if the group meets a minimum participation level equal to 75 percent of the persons in the group.

(b) Notwithstanding paragraph (a) of this subsection, the board may allow nurses or nurse educators who are employed less than half-time by a state agency, **local government** or university and who are not otherwise eligible for a state **or local government** contribution for benefits to participate in a self-pay group without any minimum participation level of persons in the group.

(2) Nothing in subsection (1) of this section applies to:

(a) Any person or group of persons similarly situated exempted by state or federal law from any minimum participation requirement; or

(b) Any person or group of persons participating prior to January 1, 1992, in a benefit plan that was offered by the State Employees' Benefit Board.

(3) As used in subsection (1) of this section, "self-pay group" means a group of persons other than state **or local government** employees for whom the state **or the local government** makes no contributions for benefit plans under ORS 243.105 to 243.285.

**SECTION 10.** ORS 243.215 is amended to read:

243.215. Any eligible employee unable to participate in one or more of the plans described in ORS 243.135 (1) solely because the employee is assigned to perform duties outside the state may be eligible to receive the monthly state **or local government** contribution, less administrative expenses, as payment of all or part of the cost of a health benefit plan of choice, subject to the approval of the Public Employees' Benefit Board and such rules as the board may adopt.

**SECTION 11.** ORS 243.221 is amended to read:

243.221. (1) In addition to the powers and duties otherwise provided by law to provide employee benefits, the Public Employees' Benefit Board may provide, administer and maintain flexible benefit plans under which eligible employees [*of this state*] may choose among taxable and nontaxable benefits as provided in the federal Internal Revenue Code.

(2) In providing flexible benefit plans, the board may offer:

(a) Health or dental benefits as provided in ORS 243.125 and 243.135.

(b) Other insurance benefits as provided in ORS 243.275.

(c) Dependent care assistance as provided in ORS 243.550.

(d) Expense reimbursement as provided in ORS 243.560.

(e) Any other benefit that may be excluded from an employee's gross income under the federal Internal Revenue Code.

(f) Any part or all of the state **or local government** contribution for employee benefits in cash to the employee.

(3) In developing flexible benefit plans under this section, the board shall design the plan on the best basis possible with relation to the welfare of employees [*and to*], the state **and the local governments**.

**SECTION 12.** ORS 243.275 is amended to read:

243.275. (1) In addition to contracting for health and dental benefit plans, the Public Employees' Benefit Board may contract with carriers to provide at the expense of participating eligible employees and with or without state **or local government** participation for coverage, including but not limited to, insurance or other benefit based on life, supplemental medical, supplemental dental, optical, accidental death or disability insurance plans.

(2) The monthly contribution of each eligible employee for other benefit plan or plans coverage, as described in subsection (1) of this section, shall be the total cost per month of the benefit coverage afforded the employee under the plan or plans, for which the employee exercises an option, including the cost of enrollment [*of such eligible employees*] and administrative expenses [*therefor*].

(3) For any benefit plan or plans described in subsection (1) of this section in which the state **or a local government** participates, the monthly contribution of each eligible employee for the benefit plan, for which the employee exercises an option and there is state **or local government** participation, shall be reduced by an amount equal to the portion [*thereof*] contributed by the state **or the local government**, including the cost of enrollment [*of the eligible employee*] and [*the*] administrative expenses [*therefor*].

(4) The board may withdraw approval of any such additional benefit plan coverage in the same manner as it withdraws approval of health benefit plans as described and authorized by ORS 243.145.

(5) If any state agency **or local government** contracts for any of the benefits described in subsection (1) of this section on behalf of any [*state*] **eligible** employees, the administrative expenses [*thereof*] **of the contract** shall be paid by assessment of the participating employees. [*Such*] **The** contracts are subject to approval of the board before they become operative. The board may withdraw approval for any such benefit in the same manner as it withdraws approval under ORS 243.145.

**SECTION 13.** Section 14 of this 2013 Act is added to and made a part of ORS 243.105 to 243.285.

**SECTION 14.** (1) **The governing body of a local government may elect to participate in a benefit plan offered by the Public Employees' Benefit Board.**

(2) **The decision of the governing body of a local government to participate in a benefit plan offered by the board is in the discretion of the governing body of the local government and is a permissive subject of collective bargaining.**

(3) **If the governing body of a local government elects to offer a benefit plan through the board, the governing body may elect one time only to provide alternative group health and welfare insurance benefit plans to eligible employees if:**

(a) **The alternative benefit plan is offered through the health insurance exchange under ORS 741.310 (1)(b); and**

(b) **The participation of the local government is not precluded under federal law on or after January 1, 2017.**

**SECTION 15.** ORS 243.860 is amended to read:

243.860. As used in ORS 243.860 to 243.886, unless the context requires otherwise:

(1) "Benefit plan" includes but is not limited to:

(a) Contracts for insurance or other benefits, including medical, dental, vision, life, disability and other health care recognized by state law, and related services and supplies;

(b) Self-insurance programs managed by the Oregon Educators Benefit Board; and

(c) Comparable benefits for employees who rely on spiritual means of healing.

(2) "Carrier" means an insurance company or health care service contractor holding a valid certificate of authority from the Director of the Department of Consumer and Business Services, or two or more companies or contractors acting together pursuant to a joint venture, partnership or other joint means of operation, or a board-approved provider or guarantor of benefit plan coverage and compensation.

(3) "District" means a common school district, a union high school district, an education service district, as defined in ORS 334.003, or a community college district, as defined in ORS 341.005.

(4)(a) "Eligible employee" includes:

(A) An officer or employee of a district **or a local government** who elects to participate in one of the benefit plans described in ORS 243.864 to 243.874; and

(B) An officer or employee of a district **or a local government**, whether or not retired, who:

(i) Is receiving a service retirement allowance, a disability retirement allowance or a pension under the Public Employees Retirement System or is receiving a service retirement allowance, a disability retirement allowance or a pension under any other retirement or disability benefit plan or system offered by the district **or local government** for its officers and employees;

(ii) Is eligible to receive a service retirement allowance under the Public Employees Retirement System and has reached earliest service retirement age under ORS chapter 238;

(iii) Is eligible to receive a pension under ORS 238A.100 to 238A.245 and has reached earliest retirement age as described in ORS 238A.165; or

(iv) Is eligible to receive a service retirement allowance or pension under any other retirement benefit plan or system offered by the district **or local government** and has attained earliest retirement age under the plan or system.

(b) Except as provided in paragraph (a)(B) of this subsection, "eligible employee" does not include an individual:

(A) Engaged as an independent contractor;

(B) Whose periods of employment in emergency work are on an intermittent or irregular basis;

or

(C) Who is employed on less than a half-time basis unless the individual is employed in a position classified as a job-sharing position or unless the individual is defined as eligible under rules of the Oregon Educators Benefit Board or under a collective bargaining agreement.

(5) "Family member" means an eligible employee's spouse or domestic partner and any unmarried child or stepchild of an eligible employee within age limits and other conditions imposed by the Oregon Educators Benefit Board with regard to unmarried children or stepchildren.

**(6) "Local government" means any city, county or special district in this state.**

[~~(6)~~] **(7) "Payroll disbursing officer" means the officer or official authorized to disburse moneys in payment of salaries and wages of officers and employees of a district or a local government.**

[~~(7)~~] **(8) "Premium" means the monthly or other periodic charge, including administrative fees of the Oregon Educators Benefit Board, for a benefit plan.**

**SECTION 16.** ORS 243.862 is amended to read:

243.862. (1) There is established in the Oregon Health Authority an Oregon Educators Benefit Board consisting of **at least** 10 members appointed by the Governor, including:

(a) Two members representing district boards;

(b) Two members representing district management;

(c) Two members representing nonmanagement district employees from the largest labor organization representing district employees;

(d) One member representing nonmanagement district employees from the second largest labor organization representing district employees;

(e) One member representing nonmanagement district employees who are not represented by labor organizations described in paragraphs (c) and (d) of this subsection; and

(f) Two members with expertise in health policy or risk management.

**(2)(a) If the governing body of a local government elects to participate in a benefit plan offered by the board, in addition to the members appointed under subsection (1) of this section, the Governor shall appoint two members, one of whom represents local government management and one of whom represents local government nonmanagement employees.**

**(b) After the appointment of members under paragraph (a) of this subsection, if the number of eligible employees of a local government or local governments enrolled in a benefit plan or plans offered by the board exceeds 25,000, the Governor shall appoint two additional**

members, one of whom represents local government management and one of whom represents local government nonmanagement employees.

(c) After the appointment of members under paragraphs (a) and (b) of this subsection, for every additional 25,000 eligible employees of a local government or local governments enrolled in a benefit plan or plans offered by the board, the Governor shall appoint one additional member representing local government management and one additional member representing local government nonmanagement employees.

(3) A maximum of three members may be appointed to represent local government management and a maximum of three members may be appointed to represent local government nonmanagement employees.

[2] (4) The term of office of each member is four years, but a member serves at the pleasure of the Governor. Before the expiration of the term of a member, the Governor shall appoint a successor to take office upon the date of that expiration. A member is eligible for reappointment. If there is a vacancy for any cause, the Governor shall make an appointment to become immediately effective for the unexpired term.

[3] (5) A member of the board is not entitled to compensation, but may be reimbursed from funds available to the board for actual and necessary travel and other expenses incurred by the member in the performance of the member's official duties in the manner and amount provided in ORS 292.495.

[4] (6) The board shall select one of its members as chairperson and another as vice chairperson, for such terms and with duties and powers necessary for the performance of the functions of such offices as the board determines.

[5] (7) A majority of the members of the board constitutes a quorum for the transaction of business.

[6] (8) The board shall meet at times and places specified by the call of the chairperson or of a majority of the members of the board.

[7] (9) Appointments of members to the board by the Governor are subject to confirmation by the Senate in the manner prescribed in ORS 171.562 and 171.565.

**SECTION 17.** ORS 243.864 is amended to read:

243.864. (1) The Oregon Educators Benefit Board:

(a) Shall adopt rules for the conduct of its business and for carrying out ORS 243.879; and

(b) May adopt rules not inconsistent with ORS 243.860 to 243.886 to determine the terms and conditions of eligible employee participation in and coverage under benefit plans.

(2) The board shall study all matters connected with the provision of adequate benefit plan coverage for eligible employees on the best basis possible with regard to the welfare of the employees and affordability for the districts **and local governments**. The board shall design benefits, prepare specifications, analyze carrier responses to advertisements for bids and award contracts. Contracts shall be signed by the chairperson on behalf of the board.

(3) In carrying out its duties under subsections (1) and (2) of this section, the goal of the board is to provide high-quality health, dental and other benefit plans for eligible employees at a cost affordable to the districts **and local governments**, the employees and the taxpayers of Oregon.

(4) The board shall prepare specifications, invite bids and take actions necessary to award contracts for health and dental benefit plan coverage of eligible employees in accordance with the criteria set forth in ORS 243.866 (1). The Public Contracting Code does not apply to contracts for benefit plans provided under ORS 243.860 to 243.886. The board may not exclude from competition to contract for a benefit plan an Oregon carrier solely because the carrier does not serve all counties in Oregon.

(5) The board may retain consultants, brokers or other advisory personnel when necessary and shall employ such personnel as are required to perform the functions of the board.

**SECTION 18.** ORS 243.866 is amended to read:

243.866. (1) The Oregon Educators Benefit Board shall contract for benefit plans best designed to meet the needs and provide for the welfare of eligible employees, [and] the districts **and local**



**governments.** In considering whether to enter into a contract for a benefit plan, the board shall place emphasis on:

- (a) Employee choice among high-quality plans;
- (b) Encouragement of a competitive marketplace;
- (c) Plan performance and information;
- (d) District **and local government** flexibility in plan design and contracting;
- (e) Quality customer service;
- (f) Creativity and innovation;
- (g) Plan benefits as part of total employee compensation; and
- (h) Improvement of employee health.

(2) The board may approve more than one carrier for each type of benefit plan offered, but the board shall limit the number of carriers to a number consistent with adequate service to eligible employees and family members.

(3) When appropriate, the board shall provide options under which an eligible employee may arrange coverage for family members under a benefit plan.

(4) A district **or a local government** shall provide that payroll deductions for benefit plan costs that are not payable by the district **or local government** may be made upon receipt of a signed authorization from the employee indicating an election to participate in the benefit plan or plans selected and allowing the deduction of those costs from the employee's pay.

(5) In developing any benefit plan, the board may provide an option of additional coverage for eligible employees and family members at an additional premium.

(6) The board shall adopt rules providing that transfer of enrollment from one benefit plan to another is open to all eligible employees and family members. Because of the special problems that may arise involving acceptable physician-patient relations between a particular panel of physicians and a particular eligible employee or family member under a comprehensive group practice benefit plan, the board shall provide a procedure under which any eligible employee may apply at any time to substitute another benefit plan for participation in a comprehensive group practice benefit plan.

(7) An eligible employee who is retired is not required to participate in a health benefit plan offered under this section in order to obtain dental benefit plan coverage. The board shall establish by rule standards of eligibility for retired employees to participate in a dental benefit plan.

(8) The board shall evaluate a benefit plan that serves a limited geographic region of this state according to the criteria described in subsection (1) of this section.

**SECTION 19.** ORS 243.868 is amended to read:

243.868. (1) In addition to contracting for health and dental benefit plans, the Oregon Educators Benefit Board may contract with carriers to provide other benefit plans including, but not limited to, insurance or other benefits based on life, supplemental medical, supplemental dental, supplemental vision, accidental death or disability insurance plans.

(2) The premium for each eligible employee for coverage under a benefit plan other than a health or dental benefit plan described in subsection (1) of this section shall be the total cost per month of the coverage afforded the employee under the plan for which the employee exercises an option, including the cost of enrollment [*of the eligible employee*] and administrative expenses for the plan.

(3) The board may withdraw approval of any additional benefit plan in the same manner as it withdraws approval of a health or dental benefit plan as described and authorized by ORS 243.878.

(4) If the board does not contract for a benefit plan described in subsection (1) of this section, a district **or a local government** may contract for the benefit plan on behalf of any district **or local government** employees. The administrative expenses of the plan shall be paid in accordance with the [*district's*] negotiated agreement [*with*] **between** the employees **and the district or local government**. Benefit plans entered into by a district **or local government** are subject to approval by the board before they become operative. The board may withdraw approval of any such benefit plan in the same manner as it withdraws approval of a benefit plan under ORS 243.878.

**SECTION 20.** ORS 243.874 is amended to read:

243.874. (1) In addition to the powers and duties otherwise provided by law to provide benefit plans for eligible employees, the Oregon Educators Benefit Board may provide and administer flexible benefit plans under which eligible employees may choose among taxable and nontaxable benefits as provided in the federal Internal Revenue Code.

(2) In providing flexible benefit plans, the board may offer:

(a) Health or dental benefits as described in ORS 243.864 and 243.866.

(b) Other insurance benefits as described in ORS 243.868.

(c) Any other benefit that may be excluded from an employee's gross income under the federal Internal Revenue Code.

(d) Any part or all of the district **or local government** contribution for employee benefits in cash to the employee.

(3) In developing flexible benefit plans, the board shall design the plans on the best basis possible with regard to the welfare of the employees and affordability for the districts **and local governments**.

(4) The board may pay some or all of the cost of administering flexible benefit plans from funds authorized to pay general administrative expenses incurred by the board.

(5) The board shall adopt rules as the board considers necessary for the establishment and administration of flexible benefit plans.

(6) The board may contract with private organizations for administration of flexible benefit plans in accordance with rules adopted under subsection (5) of this section.

**SECTION 21.** ORS 243.878 is amended to read:

243.878. (1) The Oregon Educators Benefit Board may employ whatever means are reasonably necessary to carry out the purposes of ORS 243.860 to 243.886. This authority includes, but is not limited to, authority to self-insure and to seek clarification, amendment, modification, suspension or termination of any agreement or contract.

(2) Upon providing specific notice in writing to the carrier, the affected labor organization or organizations, the districts, **the local governments**, the Oregon Health Authority and the affected eligible employees, and after affording opportunity for a public hearing on the issues that may be involved, the board may enter an order withdrawing approval of a benefit plan. Thirty days after entry of the order, the board shall terminate all withholding authorizations of eligible employees and terminate all board-approved participation in the plan.

(3) The board by order may terminate the participation of a district **or a local government** in a benefit plan if, within three months, the district **or local government** fails to perform an action required by ORS 243.860 to 243.886 or by board rule.

**SECTION 22.** ORS 243.882 is amended to read:

243.882. Subject to legislative budgetary authorization for operation of the Oregon Educators Benefit Board and the board's administration of benefit plans and other duties under ORS 243.860 to 243.886, an amount not to exceed two percent of the monthly employer and employee contributions for benefit plans shall be forwarded by each participating district **and local government** to the board and deposited by the board in the State Treasury to the credit of the Oregon Educators Benefit Account to meet the board's administrative and other costs authorized by ORS 243.860 to 243.886. The board shall ensure that the balance in the account does not exceed five percent of the monthly total of employer and employee contributions for more than 120 days.

**SECTION 23.** Section 24 of this 2013 Act is added to and made a part of ORS 243.860 to 243.886.

**SECTION 24.** (1) **The governing body of a local government may elect to participate in a benefit plan offered by the Oregon Educators Benefit Board.**

(2) **The decision of the governing body of a local government to participate in a benefit plan offered by the board is in the discretion of the governing body of the local government and is a permissive subject of collective bargaining.**

(3) If the governing body of a local government elects to offer a benefit plan through the board, the governing body may elect one time only to provide alternative group health and welfare insurance benefit plans to eligible employees if:

(a) The alternative benefit plan is offered through the health insurance exchange under ORS 741.310 (1)(b); and

(b) The participation of the local government is not precluded under federal law on or after January 1, 2017.

Passed by House June 25, 2013

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Ramona J. Line, Chief Clerk of House

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Tina Kotek, Speaker of House

Passed by Senate July 1, 2013

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Peter Courtney, President of Senate

Received by Governor:

.....M.,....., 2013

Approved:

.....M.,....., 2013

.....  
John Kitzhaber, Governor

Filed in Office of Secretary of State:

.....M.,....., 2013

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Kate Brown, Secretary of State