

House Bill 2279

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

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Allows employees of local governments to participate in benefit plans provided by Public Employees' Benefit Board and Oregon Educators Benefit Board. Defines "local government."

A BILL FOR AN ACT

1
2 Relating to participation of employees of local governments in certain benefit plans; amending ORS
3 243.105, 243.125, 243.135, 243.140, 243.145, 243.160, 243.170, 243.200, 243.215, 243.221, 243.275,
4 243.860, 243.862, 243.864, 243.866, 243.868, 243.874, 243.878, 243.882 and 243.886.

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

6 **SECTION 1.** ORS 243.105 is amended to read:

7 243.105. As used in ORS 243.105 to 243.285, unless the context requires otherwise:

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

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

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

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

13 (2) "Board" means the Public Employees' Benefit Board.

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

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

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

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

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

31 (D) Are eligible to receive a service retirement allowance or pension under another retirement

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 benefit plan or system offered by the State of Oregon and have attained earliest retirement age
 2 under the plan or system.

3 (b) “Eligible employee” does not include individuals:

4 (A) Engaged as independent contractors;

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

6 (C) Who are employed on less than half-time basis unless the individuals are employed in posi-
 7 tions classified as job-sharing positions, unless the individuals are defined as eligible under rules of
 8 the board;

9 (D) Appointed under ORS 240.309;

10 (E) Provided sheltered employment or make-work by the state in an employment or industries
 11 program maintained for the benefit of such individuals; or

12 (F) Provided student health care services in conjunction with their enrollment as students at a
 13 public university listed in ORS 352.002.

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

17 **(6) “Local government” means any city, county, school district or other special district**
 18 **in this state.**

19 [(6)] **(7) “Payroll disbursing officer” means the officer or official authorized to disburse moneys**
 20 **in payment of salaries and wages of employees of a state agency or local government.**

21 [(7)] **(8) “Premium” means the monthly or other periodic charge for a benefit plan.**

22 [(8)] **(9) “State agency” means every state officer, board, commission, department or other ac-**
 23 **tivity of state government.**

24 **SECTION 2.** ORS 243.125 is amended to read:

25 243.125. (1) The Public Employees’ Benefit Board shall prescribe rules for the conduct of its
 26 business and for carrying out ORS 243.256. The board shall study all matters connected with the
 27 providing of adequate benefit plan coverage for eligible [*state*] employees on the best basis possible
 28 with relation both to the welfare of the employees and to the state **and local governments**. The
 29 board shall design benefits, devise specifications, analyze carrier responses to advertisements for
 30 bids and decide on the award of contracts. Contracts shall be signed by the chairperson on behalf
 31 of the board.

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

35 (3) Subject to ORS chapter 183, the board may make rules not inconsistent with ORS 243.105 to
 36 243.285 and 292.051 to determine the terms and conditions of eligible employee participation and
 37 coverage.

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

41 (5) The board may retain consultants, brokers or other advisory personnel when necessary and,
 42 subject to the State Personnel Relations Law, shall employ such personnel as are required to per-
 43 form the functions of the board.

44 **SECTION 3.** ORS 243.135 is amended to read:

45 243.135. (1) Notwithstanding any other benefit plan contracted for and offered by the Public

1 Employees' Benefit Board, the board shall contract for a health benefit plan or plans best designed
 2 to meet the needs and provide for the welfare of eligible employees, [and] the state **and the local**
 3 **governments**. In considering whether to enter into a contract for a plan, the board shall place
 4 emphasis on:

- 5 (a) Employee choice among high quality plans;
- 6 (b) A competitive marketplace;
- 7 (c) Plan performance and information;
- 8 (d) Employer flexibility in plan design and contracting;
- 9 (e) Quality customer service;
- 10 (f) Creativity and innovation;
- 11 (g) Plan benefits as part of total employee compensation; and
- 12 (h) The improvement of employee health.

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

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

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

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

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

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

33 **SECTION 4.** ORS 243.140 is amended to read:

34 243.140. (1) Persons whose homes are certified as a foster home by the Department of Human
 35 Services under ORS 418.630 and as defined in ORS 418.625 (3) may participate in a health benefit
 36 plan available to [state] employees pursuant to ORS 243.105 to 243.285 at the expense of the foster
 37 parent. For such purposes, foster parents shall be considered eligible employees.

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

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

1 **SECTION 5.** ORS 243.145 is amended to read:

2 243.145. (1) The Public Employees' Benefit Board shall have authority to employ whatever means
 3 are reasonably necessary to carry out the purposes of ORS 243.105 to 243.285 and 292.051. [*Such*
 4 *authority shall include*] **The board's authority includes**, but is not limited to, **the** authority to
 5 self-insure and to seek clarification, amendment, modification, suspension or termination of any
 6 agreement or contract that in the board's judgment requires such action.

7 (2) Upon providing specific notice in writing to the carrier, the affected employee organization
 8 or organizations, the Oregon Health Authority and affected[,] eligible employees, and after affording
 9 opportunity for a public hearing upon the issues that may be involved, the board may enter an order
 10 withdrawing approval of any benefit plan. Thirty days after entry of the order, the board shall ter-
 11minate all withholding authorizations of eligible employees and terminate all board-approved par-
 12ticipation in the plan.

13 (3) The board by order may terminate the participation of any state agency **or local govern-**
 14 **ment** if within three months the state agency **or local government** fails to perform any action re-
 15quired by ORS 243.105 to 243.285 and 292.051 or by board rule.

16 **SECTION 6.** ORS 243.160 is amended to read:

17 243.160. A retired state **or local government** officer or employee is not required to participate
 18 in one of the group benefit plans described in ORS 243.135 in order to obtain dental benefit plan
 19 coverage. The Public Employees' Benefit Board shall establish by rule standards of eligibility for
 20 retired officers or employees to participate in a dental benefit plan.

21 **SECTION 7.** ORS 243.170 is amended to read:

22 243.170. When more than one individual shares a single position that is classified as a job-
 23 sharing position, the state **or the local government** shall contribute to obtain coverage for the
 24 individuals a total amount not greater than the amount that would be contributed to obtain cover-
 25 age for one individual in the same position. The individuals shall receive credit for the state **or local**
 26 **government** contribution in such proportions as they and the employer agree upon, and each indi-
 27 vidual who desires coverage shall make further contribution in such amounts as may be appropriate.

28 **SECTION 8.** ORS 243.200 is amended to read:

29 243.200. (1)(a) The Public Employees' Benefit Board may allow self-pay groups to participate in
 30 benefit plans available to eligible [*state*] employees, if the group meets a minimum participation level
 31 equal to 75 percent of the persons in the group.

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

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

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

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

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

44 **SECTION 9.** ORS 243.215 is amended to read:

45 243.215. Any eligible employee unable to participate in one or more of the plans described in

1 ORS 243.135 (1) solely because the employee is assigned to perform duties outside the state may be
 2 eligible to receive the monthly state **or local government** contribution, less administrative ex-
 3 penses, as payment of all or part of the cost of a health benefit plan of choice, subject to the ap-
 4 proval of the Public Employees' Benefit Board and such rules as the board may adopt.

5 **SECTION 10.** ORS 243.221 is amended to read:

6 243.221. (1) In addition to the powers and duties otherwise provided by law to provide employee
 7 benefits, the Public Employees' Benefit Board may provide, administer and maintain flexible benefit
 8 plans under which eligible employees [*of this state*] may choose among taxable and nontaxable ben-
 9 efits as provided in the federal Internal Revenue Code.

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

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

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

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

14 (d) Expense reimbursement as provided in ORS 243.560.

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

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

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

22 **SECTION 11.** ORS 243.275 is amended to read:

23 243.275. (1) In addition to contracting for health and dental benefit plans, the Public Employees'
 24 Benefit Board may contract with carriers to provide at the expense of participating eligible em-
 25 ployees and with or without state **or local government** participation for coverage, including but
 26 not limited to, insurance or other benefit based on life, supplemental medical, supplemental dental,
 27 optical, accidental death or disability insurance plans.

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

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

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

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

45 **SECTION 12.** ORS 243.860 is amended to read:

1 243.860. As used in ORS 243.860 to 243.886, unless the context requires otherwise:

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

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

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

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

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

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

14 (4)(a) “Eligible employee” includes:

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

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

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

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

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

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

29 (b) Except as provided in paragraph (a)(B) of this subsection, “eligible employee” does not in-
30 clude an individual:

31 (A) Engaged as an independent contractor;

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

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

37 (5) “Family member” means an eligible employee’s spouse or domestic partner and any unmar-
38 ried child or stepchild of an eligible employee within age limits and other conditions imposed by the
39 Oregon Educators Benefit Board with regard to unmarried children or stepchildren.

40 (6) **“Local government” means any city or county in this state.**

41 [(6)] (7) “Payroll disbursing officer” means the officer or official authorized to disburse moneys
42 in payment of salaries and wages of officers and employees of a district **or a local government**.

43 [(7)] (8) “Premium” means the monthly or other periodic charge, including administrative fees
44 of the Oregon Educators Benefit Board, for a benefit plan.

45 **SECTION 13.** ORS 243.862 is amended to read:

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

3 (a) Two members representing district boards **or local governments**;

4 (b) Two members representing district **or local government** management;

5 (c) Two members representing nonmanagement district **or local government** employees from
 6 the largest labor organization representing district **or local government** employees;

7 (d) One member representing nonmanagement district **or local government** employees from the
 8 second largest labor organization representing district **or local government** employees;

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

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

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

17 (3) A member of the board is not entitled to compensation, but may be reimbursed from funds
 18 available to the board for actual and necessary travel and other expenses incurred by the member
 19 in the performance of the member's official duties in the manner and amount provided in ORS
 20 292.495.

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

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

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

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

29 **SECTION 14.** ORS 243.864 is amended to read:

30 243.864. (1) The Oregon Educators Benefit Board:

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

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

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

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

42 (4) The board shall prepare specifications, invite bids and take actions necessary to award con-
 43 tracts for health and dental benefit plan coverage of eligible employees in accordance with the cri-
 44 teria set forth in ORS 243.866 (1). The Public Contracting Code does not apply to contracts for
 45 benefit plans provided under ORS 243.860 to 243.886. The board may not exclude from competition

1 to contract for a benefit plan an Oregon carrier solely because the carrier does not serve all coun-
 2 ties in Oregon.

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

5 **SECTION 15.** ORS 243.866 is amended to read:

6 243.866. (1) The Oregon Educators Benefit Board shall contract for benefit plans best designed
 7 to meet the needs and provide for the welfare of eligible employees, [and] the districts **and local**
 8 **governments**. In considering whether to enter into a contract for a benefit plan, the board shall
 9 place emphasis on:

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

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

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

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

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

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

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

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

40 **SECTION 16.** ORS 243.868 is amended to read:

41 243.868. (1) In addition to contracting for health and dental benefit plans, the Oregon Educators
 42 Benefit Board may contract with carriers to provide other benefit plans including, but not limited
 43 to, insurance or other benefits based on life, supplemental medical, supplemental dental, supple-
 44 mental vision, accidental death or disability insurance plans.

45 (2) The premium for each eligible employee for coverage under a benefit plan other than a

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

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

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

14 **SECTION 17.** ORS 243.874 is amended to read:

15 243.874. (1) In addition to the powers and duties otherwise provided by law to provide benefit
 16 plans for eligible employees, the Oregon Educators Benefit Board may provide and administer flex-
 17 ible benefit plans under which eligible employees may choose among taxable and nontaxable benefits
 18 as provided in the federal Internal Revenue Code.

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

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

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

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

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

26 (3) In developing flexible benefit plans, the board shall design the plans on the best basis pos-
 27 sible with regard to the welfare of the employees and affordability for the districts **and local gov-**
 28 **ernments**.

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

31 (5) The board shall adopt rules as the board considers necessary for the establishment and ad-
 32 ministration of flexible benefit plans.

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

35 **SECTION 18.** ORS 243.878 is amended to read:

36 243.878. (1) The Oregon Educators Benefit Board may employ whatever means are reasonably
 37 necessary to carry out the purposes of ORS 243.860 to 243.886. This authority includes, but is not
 38 limited to, authority to self-insure and to seek clarification, amendment, modification, suspension or
 39 termination of any agreement or contract.

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

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

4 **SECTION 19.** ORS 243.882 is amended to read:

5 243.882. Subject to legislative budgetary authorization for operation of the Oregon Educators
6 Benefit Board and the board's administration of benefit plans and other duties under ORS 243.860
7 to 243.886, an amount not to exceed two percent of the monthly employer and employee contribu-
8 tions for benefit plans shall be forwarded by each participating district **and local government** to
9 the board and deposited by the board in the State Treasury to the credit of the Oregon Educators
10 Benefit Account to meet the board's administrative and other costs authorized by ORS 243.860 to
11 243.886. The board shall ensure that the balance in the account does not exceed five percent of the
12 monthly total of employer and employee contributions for more than 120 days.

13 **SECTION 20.** ORS 243.886, as amended by section 9, chapter 38, Oregon Laws 2012, is amended
14 to read:

15 243.886. (1) Except as provided in subsections (2), (3) and (4) of this section, a district **or a local**
16 **government** may not provide or contract for a benefit plan and eligible employees of districts **or**
17 **local governments** may not participate in a benefit plan unless the benefit plan:

18 (a) Is provided and administered by the Oregon Educators Benefit Board under ORS 243.860 to
19 243.886; or

20 (b) On or after October 1, 2015, is offered through the health insurance exchange under ORS
21 741.310 (1)(b).

22 (2)(a) Except for community college districts, a district **or a local government** that was self-
23 insured before January 1, 2007, or a district **or a local government** that had an independent health
24 insurance trust established and functioning before January 1, 2007, may provide or contract for
25 benefit plans other than benefit plans provided and administered by the board if the premiums for
26 the benefit plans provided or contracted for by the district **or the local government** are equal to
27 or less than the premiums for comparable benefit plans provided and administered by the board.

28 (b) A community college district may provide or contract for benefit plans other than benefit
29 plans provided and administered by the board.

30 (c) In accordance with procedures adopted by the board to extend benefit plan coverage under
31 ORS 243.864 to 243.874 to eligible employees of a self-insured district **or local government**, a dis-
32 trict **or local government** with an independent health insurance trust or a community college dis-
33 trict, these districts **or local governments** may choose to offer benefit plans that are provided and
34 administered by the board. Once employees of a district **or a local government** participate in ben-
35 efit plans provided and administered by the board, the district **or local government** may not
36 thereafter provide or contract for benefit plans other than those provided and administered by the
37 board.

38 (3)(a) A district **or a local government** that has not offered benefit plans provided and admin-
39 istered by the board before June 23, 2009, may provide or contract for benefit plans other than
40 benefit plans provided and administered by the board if the premiums for the benefit plans provided
41 or contracted for by the district **or local government** are equal to or less than the premiums for
42 comparable benefit plans provided and administered by the board. Once employees of a district **or**
43 **a local government** or an employee group within a district **or a local government** participates in
44 benefit plans provided and administered by the board, the district **or local government** may not
45 thereafter provide or contract for benefit plans for those employees or employee groups other than

1 those provided and administered by the board.

2 (b) To maintain the exception created in this subsection, the board must perform an actuarial
3 analysis of the district **or local government** at least once every two years. If requested by the
4 district, **the local government** or a labor organization representing eligible employees of the dis-
5 trict **or local government**, the board shall perform the actuarial analysis annually.

6 (c) As used in this subsection, "district" does not include a community college district.

7 (4) Nothing in ORS 243.860 to 243.886 may be construed to expand or contract collective bar-
8 gaining rights or collective bargaining obligations.

9 **SECTION 21.** ORS 243.886, as amended by sections 9 and 13, chapter 38, Oregon Laws 2012, is
10 amended to read:

11 243.886. (1) Except as provided in subsections (2), (3) and (4) of this section, a district **or a local**
12 **government** may not provide or contract for a benefit plan and eligible employees of districts **or**
13 **local governments** may not participate in a benefit plan unless the benefit plan:

14 (a) Is provided and administered by the Oregon Educators Benefit Board under ORS 243.860 to
15 243.886; or

16 (b) Is offered through the health insurance exchange under ORS 741.310 (1)(c).

17 (2)(a) Except for community college districts, a district **or a local government** that was self-
18 insured before January 1, 2007, or a district **or a local government** that had an independent health
19 insurance trust established and functioning before January 1, 2007, may provide or contract for
20 benefit plans other than benefit plans provided and administered by the board if the premiums for
21 the benefit plans provided or contracted for by the district **or the local government** are equal to
22 or less than the premiums for comparable benefit plans provided and administered by the board.

23 (b) A community college district may provide or contract for benefit plans other than benefit
24 plans provided and administered by the board.

25 (c) In accordance with procedures adopted by the board to extend benefit plan coverage under
26 ORS 243.864 to 243.874 to eligible employees of a self-insured district **or local government**, a dis-
27 trict **or local government** with an independent health insurance trust or a community college dis-
28 trict, these districts **or local governments** may choose to offer benefit plans that are provided and
29 administered by the board. Once employees of a district **or a local government** participate in ben-
30 efit plans provided and administered by the board, the district **or local government** may not
31 thereafter provide or contract for benefit plans other than those provided and administered by the
32 board.

33 (3)(a) A district **or a local government** that has not offered benefit plans provided and admin-
34 istered by the board before June 23, 2009, may provide or contract for benefit plans other than
35 benefit plans provided and administered by the board if the premiums for the benefit plans provided
36 or contracted for by the district **or local government** are equal to or less than the premiums for
37 comparable benefit plans provided and administered by the board. Once employees of a district **or**
38 **a local government** or an employee group within a district **or a local government** participates in
39 benefit plans provided and administered by the board, the district **or local government** may not
40 thereafter provide or contract for benefit plans for those employees or employee groups other than
41 those provided and administered by the board.

42 (b) To maintain the exception created in this subsection, the board must perform an actuarial
43 analysis of the district **or local government** at least once every two years. If requested by the
44 district, **the local government** or a labor organization representing eligible employees of the dis-
45 trict **or local government**, the board shall perform the actuarial analysis annually.

- 1 (c) As used in this subsection, "district" does not include a community college district.
2 (4) Nothing in ORS 243.860 to 243.886 may be construed to expand or contract collective bar-
3 gaining rights or collective bargaining obligations.
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