

Senate Bill 723

Sponsored by Senator BATES

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**.

Authorizes Public Employees' Benefit Board and Oregon Educators Benefit Board to contract with coordinated care organizations to provide health coverage to public employees.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to public employees health benefit plans; amending ORS 243.105, 243.107, 243.125, 243.145,
3 243.256, 243.285, 243.860, 243.864, 243.876, 243.878, 243.879 and 243.884; and declaring an emer-
4 gency.

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; **and**

13 **(d) Membership in a coordinated care organization.**

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

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

20 **(4) "Coordinated care organization" has the meaning given that term in ORS 414.025.**

21 *[(4)(a)]* **(5)(a)** "Eligible employee" means an officer or employee of a state agency who elects to
22 participate in one of the group benefit plans described in ORS 243.135. The term includes state of-
23 ficers and employees in the exempt, unclassified and classified service, and state officers and em-
24 ployees, whether or not retired, who:

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

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

31 (C) Are eligible to receive a pension under ORS 238A.100 to 238A.245, and have reached earliest

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 retirement age as described in ORS 238A.165; or

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

5 (b) "Eligible employee" does not include individuals:

6 (A) Engaged as independent contractors;

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

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

11 (D) Appointed under ORS 240.309;

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

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

16 [(5)] (6) "Family member" means an eligible employee's spouse and any unmarried child or
17 stepchild within age limits and other conditions imposed by the board with regard to unmarried
18 children or stepchildren.

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.

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. The board shall design benefits,
29 devise specifications, analyze carrier **and coordinated care organization** responses to advertise-
30 ments for bids and decide on the award of contracts. Contracts shall be signed by the chairperson
31 on behalf 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 243.145 is amended to read:

45 243.145. (1) The Public Employees' Benefit Board shall have authority to employ whatever means

1 are reasonably necessary to carry out the purposes of ORS 243.105 to 243.285 and 292.051. Such
2 authority shall include but is not limited to authority to self-insure and to seek clarification,
3 amendment, modification, suspension or termination of any agreement or contract that in the board's
4 judgment requires such action.

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

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

14 **SECTION 4.** ORS 243.256 is amended to read:

15 243.256. (1) A hospital that provides services or supplies under a benefit plan offered by the
16 Public Employees' Benefit Board shall be reimbursed using the methodology prescribed by the
17 Oregon Health Authority under ORS 442.392 and may not be reimbursed for each service or supply
18 provided.

19 (2) This section applies to hospital payments made by a carrier **or coordinated care organ-**
20 **ization** under a contract with the board and to hospital payments made under a self-insurance pro-
21 gram administered by a third party administrator on behalf of the board.

22 (3) This section does not apply to reimbursements paid by a carrier, **coordinated care organ-**
23 **ization** or third party administrator to a hospital that is not subject to the methodology prescribed
24 by the authority under ORS 442.392.

25 **SECTION 5.** ORS 243.285 is amended to read:

26 243.285. (1) Upon receipt of the request in writing of an eligible employee so to do, the payroll
27 disbursing officer authorized to disburse funds in payment of the salary or wages of the eligible
28 employee may deduct from the salary or wages of the employee an amount of money indicated in the
29 request for payment of the applicable amount set forth in benefit plans selected by the employee or
30 selected on the employee's behalf for:

31 (a) Group health and related services and supplies, including such insurance for family members
32 of the eligible employee.

33 (b) Group life insurance, including life insurance for family members of the eligible employee.

34 (c) Group dental and related services and supplies, or any other remedial care recognized by
35 state law and related services and supplies, recognized under state law, including such insurance for
36 family members of the eligible employee.

37 (d) Group indemnity insurance for accidental death and dismemberment and for loss of income
38 due to accident, sickness or other disability, including such insurance for family members of the el-
39 igible employee.

40 (e) Other benefits, including self-insurance programs, that are approved and provided by the
41 Public Employees' Benefit Board.

42 (2) Moneys deducted under subsection (1) of this section shall be paid over promptly:

43 (a) To the carriers **or coordinated care organizations** or persons responsible for payment of
44 premiums to carriers **or coordinated care organizations**, in accordance with the terms of the
45 contracts made by the eligible employees or on their behalf; or

1 (b) With respect to self-insurance benefits, in accordance with rules, procedures and directions
 2 of the Public Employees' Benefit Board.

3 **SECTION 6.** ORS 243.860 is amended to read:

4 243.860. As used in ORS 243.860 to 243.886, unless the context requires otherwise:

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

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

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

9 (c) Comparable benefits for employees who rely on spiritual means of healing; **and**

10 **(d) Membership in a coordinated care organization.**

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

16 **(3) "Coordinated care organization" has the meaning given that term in ORS 414.025.**

17 *[(3)]* **(4)** "District" means a common school district, a union high school district, an education
 18 service district, as defined in ORS 334.003, or a community college district, as defined in ORS
 19 341.005.

20 *[(4)(a)]* **(5)(a)** "Eligible employee" includes:

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

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

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

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

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

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

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

37 (A) Engaged as an independent contractor;

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

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

43 *[(5)]* **(6)** "Family member" means an eligible employee's spouse or domestic partner and any un-
 44 married child or stepchild of an eligible employee within age limits and other conditions imposed
 45 by the Oregon Educators Benefit Board with regard to unmarried children or stepchildren.

1 [(6)] (7) “Payroll disbursing officer” means the officer or official authorized to disburse moneys
2 in payment of salaries and wages of officers and employees of a district.

3 [(7)] (8) “Premium” means the monthly or other periodic charge, including administrative fees
4 of the Oregon Educators Benefit Board, for a benefit plan.

5 **SECTION 7.** ORS 243.864 is amended to read:

6 243.864. (1) The Oregon Educators Benefit Board:

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

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

10 (2) The board shall study all matters connected with the provision of adequate benefit plan
11 coverage for eligible employees on the best basis possible with regard to the welfare of the em-
12 ployees and affordability for the districts. The board shall design benefits, prepare specifications,
13 analyze carrier **or coordinated care organization** responses to advertisements for bids and award
14 contracts. Contracts shall be signed by the chairperson on behalf of the board.

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

18 (4) The board shall prepare specifications, invite bids and take actions necessary to award con-
19 tracts for health and dental benefit plan coverage of eligible employees in accordance with the cri-
20 teria set forth in ORS 243.866 (1). The Public Contracting Code does not apply to contracts for
21 benefit plans provided under ORS 243.860 to 243.886. The board may not exclude from competition
22 to contract for a benefit plan an Oregon carrier **or coordinated care organization** solely because
23 the carrier **or organization** does not serve all counties in Oregon.

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

26 **SECTION 8.** ORS 243.876 is amended to read:

27 243.876. (1) Upon receipt of a request in writing from an eligible employee, the payroll disburs-
28 ing officer may deduct from the salary or wages of the employee an amount of money indicated in
29 the request for payment of the amount set forth in benefit plans selected by the employee for the
30 employee and family members.

31 (2) Amounts deducted under subsection (1) of this section shall be paid over promptly:

32 (a) To the Oregon Educators Benefit Board, the carriers **or coordinated care organizations**
33 or the persons responsible for payment of premiums to carriers **or coordinated care organizations**
34 in accordance with the terms of contracts for benefit plans; or

35 (b) With respect to self-insurance benefits, in accordance with rules and procedures adopted by
36 the board.

37 (3) The payroll disbursing officer shall submit reports to the board regarding claims experience
38 and benefit plan coverage for eligible employees as the board considers desirable.

39 **SECTION 9.** ORS 243.878 is amended to read:

40 243.878. (1) The Oregon Educators Benefit Board may employ whatever means are reasonably
41 necessary to carry out the purposes of ORS 243.860 to 243.886. This authority includes, but is not
42 limited to, authority to self-insure and to seek clarification, amendment, modification, suspension or
43 termination of any agreement or contract.

44 (2) Upon providing specific notice in writing to the carrier, **the coordinated care organization**,
45 the affected labor organization or organizations, the districts, the Oregon Health Authority and the

1 affected eligible employees, and after affording opportunity for a public hearing on the issues that
 2 may be involved, the board may enter an order withdrawing approval of a benefit plan. Thirty days
 3 after entry of the order, the board shall terminate all withholding authorizations of eligible em-
 4 ployees and terminate all board-approved participation in the plan.

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

8 **SECTION 10.** ORS 243.879 is amended to read:

9 243.879. (1) A hospital that provides services or supplies under a benefit plan offered by the
 10 Oregon Educators Benefit Board shall be reimbursed using the methodology prescribed by the
 11 Oregon Health Authority under ORS 442.392 and may not be reimbursed for each service or supply
 12 provided.

13 (2) This section applies to hospital payments made by a carrier **or coordinated care organ-**
 14 **ization** under a contract with the board and to hospital payments made under a self-insurance pro-
 15 gram administered by a third party administrator on behalf of the board.

16 (3) This section does not apply to reimbursements paid by a carrier, **coordinated care organ-**
 17 **ization** or third party administrator to a hospital that is not subject to the methodology prescribed
 18 by the authority under ORS 442.392.

19 **SECTION 11.** ORS 243.884 is amended to read:

20 243.884. (1) There is created the Oregon Educators Revolving Fund, separate and distinct from
 21 the General Fund. Moneys in the Oregon Educators Revolving Fund are continuously appropriated
 22 to the Oregon Educators Benefit Board to cover the board's expenses incurred in connection with
 23 the administration of ORS 243.860 to 243.886. Moneys in the Oregon Educators Revolving Fund may
 24 be retained for limited periods of time as established by the board by rule. Among other purposes,
 25 the board may retain the funds to pay premiums, control expenditures, stabilize premiums and self-
 26 insure. The board may establish subaccounts within the Oregon Educators Revolving Fund.

27 (2) The following moneys shall be paid into the Oregon Educators Revolving Fund:

28 (a) All unused employer contributions for benefit plans;

29 (b) All refunds, dividends, unused premiums and other payments attributable to an employee
 30 contribution or employer contribution made from a carrier **or coordinated care organization** that
 31 has provided benefit plans administered by the board; and

32 (c) All interest earned on the moneys in the fund.

33 **SECTION 12.** ORS 243.107 is amended to read:

34 243.107. A person employed by a public university listed in ORS 352.002 or the Oregon Health
 35 and Science University may be considered an eligible employee for participation in one of the group
 36 benefit plans described in ORS 243.135 if the State Board of Higher Education, or the Oregon Health
 37 and Science University Board of Directors for Oregon Health and Science University employees,
 38 determines that funds are available therefor and if:

39 (1) Notwithstanding ORS 243.105 [(4)(b)(F)] **(5)(b)(F)**, the person is a student enrolled in an in-
 40 stitution of higher education and is employed as a graduate teaching assistant, graduate research
 41 assistant or a fellow at the institution and elects to participate; or

42 (2) Notwithstanding ORS 243.105 [(4)(b)(B)] **(5)(b)(B)** or (C), the person is employed on a less
 43 than half-time basis in an unclassified instructional or research support capacity and elects to par-
 44 ticipate.

45 **SECTION 13.** This 2013 Act being necessary for the immediate preservation of the public

1 **peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect**
2 **on its passage.**

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