

**PROPOSED AMENDMENTS TO  
HOUSE BILL 2279**

1 On page 1 of the printed bill, line 2, after the semicolon delete the rest  
2 of the line and insert “creating new provisions; and amending ORS  
3 243.061.”.

4 In line 4, delete “, 243.882 and 243.886.” and insert “and 243.882.”.

5 Delete lines 6 through 31.

6 Delete pages 2 through 12 and insert:

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

8 “243.061. (1) There is created in the Oregon Health Authority the Public  
9 Employees’ Benefit Board consisting of **at least** eight voting members and  
10 two members of the Legislative Assembly as nonvoting advisory members.  
11 Two of the voting members are ex officio members and six are appointed by  
12 the Governor. The voting members shall be:

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

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

17 “(B) The Administrator of the Office for Oregon Health Policy and Re-  
18 search or a designee of the administrator; and

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

22 “(b) Four members appointed by the Governor and representing nonman-

1 agement representable employees, who shall be as follows:

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

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

4 “(C) One person from representable employees not represented by em-  
5 ployee representative units described in subparagraphs (A) and (B) of this  
6 paragraph.

7 “(2) One member of the Senate shall be appointed by the President of the  
8 Senate and one member of the House of Representatives shall be appointed  
9 by the Speaker of the House to serve as nonvoting advisory members.

10 “(3)(a) **If the governing body of a local government elects to par-**  
11 **ticipate in a benefit plan offered by the board, in addition to the**  
12 **members appointed under subsections (1) and (2) of this section, the**  
13 **Governor shall appoint two voting members, one of whom represents**  
14 **local government management and one of whom represents local gov-**  
15 **ernment nonmanagement employees.**

16 “(b) **After the appointment of members under paragraph (a) of this**  
17 **subsection, if the number of eligible employees of a local government**  
18 **or local governments enrolled in a benefit plan or plans offered by the**  
19 **board exceeds 25,000, the Governor shall appoint two additional voting**  
20 **members, one of whom represents local government management and**  
21 **one of whom represents local government nonmanagement employees.**

22 “(c) **After the appointment of members under paragraphs (a) and**  
23 **(b) of this subsection, for every additional 25,000 eligible employees of**  
24 **a local government or local governments enrolled in a benefit plan or**  
25 **plans offered by the board, the Governor shall appoint one additional**  
26 **voting member representing local government management and one**  
27 **additional voting member representing local government nonmanage-**  
28 **ment employees.**

29 “(4) **A maximum of three members may be appointed to represent**  
30 **local government management and a maximum of three members may**

1 **be appointed to represent local government nonmanagement employ-**  
2 **ees.**

3 “[3] (5) The term of office of each appointed voting member is four  
4 years, but an appointed voting member serves at the pleasure of the Gover-  
5 nor. Before the expiration of the term of a voting member appointed by the  
6 Governor, the Governor shall appoint a successor to take office upon the  
7 date of that expiration. A member is eligible for reappointment. If there is  
8 a vacancy for any cause, the Governor shall make an appointment to become  
9 immediately effective for the unexpired term.

10 “[4] (6) The appointments by the Governor of voting members of the  
11 board are subject to confirmation by the Senate in the manner prescribed in  
12 ORS 171.562 and 171.565.

13 “[5] (7) Members of the board who are not members of the Legislative  
14 Assembly shall receive no compensation for their services, but shall be paid  
15 for their necessary and actual expenses while on official business in accord-  
16 ance with ORS 292.495. Members of the board who are members of the Leg-  
17 islative Assembly shall be paid compensation and expense reimbursement as  
18 provided in ORS 171.072, payable from funds appropriated to the Legislative  
19 Assembly.

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

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

23 “243.105. As used in ORS 243.105 to 243.285, unless the context requires  
24 otherwise:

25 “(1) ‘Benefit plan’ includes, but is not limited to:

26 “(a) Contracts for insurance or other benefits, including medical, dental,  
27 vision, life, disability and other health care recognized by state law, and re-  
28 lated services and supplies;

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

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

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

4       “(3) ‘Carrier’ means an insurance company or health care service con-  
5 tractor holding a valid certificate of authority from the Director of the De-  
6 partment of Consumer and Business Services, or two or more companies or  
7 contractors acting together pursuant to a joint venture, partnership or other  
8 joint means of operation, or a board-approved guarantor of benefit plan  
9 coverage and compensation.

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

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

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

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

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

28       “(b) ‘Eligible employee’ does not include individuals:

29       “(A) Engaged as independent contractors;

30       “(B) Whose periods of employment in emergency work are on an inter-

1 mittent or irregular basis;

2 “(C) Who are employed on less than half-time basis unless the individuals  
3 are employed in positions classified as job-sharing positions, unless the in-  
4 dividuals are defined as eligible under rules of the board;

5 “(D) Appointed under ORS 240.309;

6 “(E) Provided sheltered employment or make-work by the state in an em-  
7 ployment or industries program maintained for the benefit of such individ-  
8 uals; or

9 “(F) Provided student health care services in conjunction with their en-  
10 rollment as students at a public university listed in ORS 352.002.

11 “(5) ‘Family member’ means an eligible employee’s spouse and any un-  
12 married child or stepchild within age limits and other conditions imposed  
13 by the board with regard to unmarried children or stepchildren.

14 “(6) **‘Local government’ means any city, county or special district**  
15 **in this state.**

16 “[6] (7) ‘Payroll disbursing officer’ means the officer or official author-  
17 ized to disburse moneys in payment of salaries and wages of employees of a  
18 state agency **or local government.**

19 “[7] (8) ‘Premium’ means the monthly or other periodic charge for a  
20 benefit plan.

21 “[8] (9) ‘State agency’ means every state officer, board, commission, de-  
22 partment or other activity of state government.

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

24 “243.125. (1) The Public Employees’ Benefit Board shall prescribe rules for  
25 the conduct of its business and for carrying out ORS 243.256. The board shall  
26 study all matters connected with the providing of adequate benefit plan  
27 coverage for eligible [*state*] employees on the best basis possible with relation  
28 both to the welfare of the employees and to the state **and local govern-**  
29 **ments.** The board shall design benefits, devise specifications, analyze carrier  
30 responses to advertisements for bids and decide on the award of contracts.

1 Contracts shall be signed by the chairperson on behalf of the board.

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

6 “(3) Subject to ORS chapter 183, the board may make rules not incon-  
7 sistent with ORS 243.105 to 243.285 and 292.051 to determine the terms and  
8 conditions of eligible employee participation and coverage.

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

13 “(5) **The Director of the Oregon Health Authority shall appoint an**  
14 **executive director for the board. The executive director shall report**  
15 **to the Director of the Oregon Health Authority.**

16 “[5] (6) The board may retain consultants, brokers or other advisory  
17 personnel when necessary and, subject to the State Personnel Relations Law,  
18 shall employ such personnel as are required to perform the functions of the  
19 board.

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

21 “243.135. (1) Notwithstanding any other benefit plan contracted for and  
22 offered by the Public Employees’ Benefit Board, the board shall contract for  
23 a health benefit plan or plans best designed to meet the needs and provide  
24 for the welfare of eligible employees, [and] the state **and the local gov-**  
25 **ernments.** In considering whether to enter into a contract for a plan, the  
26 board shall place emphasis on:

27 “(a) Employee choice among high quality plans;

28 “(b) A competitive marketplace;

29 “(c) Plan performance and information;

30 “(d) Employer flexibility in plan design and contracting;

1 “(e) Quality customer service;

2 “(f) Creativity and innovation;

3 “(g) Plan benefits as part of total employee compensation; and

4 “(h) The improvement of employee health.

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

9 “(3) Where appropriate for a contracted and offered health benefit plan,  
10 the board shall provide options under which an eligible employee may ar-  
11 range coverage for family members.

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

16 “(5) In developing any health benefit plan, the board may provide an op-  
17 tion of additional coverage for eligible employees and their family members  
18 at an additional cost or premium.

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

28 “(7) The board shall evaluate a benefit plan that serves a limited ge-  
29 ographic region of this state according to the criteria described in subsection  
30 (1) of this section.

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

2        “243.140. (1) Persons whose homes are certified as a foster home by the  
3 Department of Human Services under ORS 418.630 and as defined in ORS  
4 418.625 (3) may participate in a health benefit plan available to [state] em-  
5 ployees pursuant to ORS 243.105 to 243.285 at the expense of the foster par-  
6 ent. For such purposes, foster parents shall be considered eligible employees.

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

12       “(3) Persons who participate in the health benefit plan pursuant to sub-  
13 sections (1) and (2) of this section may also participate in a dental plan  
14 available to [state] employees pursuant to ORS 243.105 to 243.285 at the ex-  
15 pense of the foster parent or the person maintaining the developmental dis-  
16 ability child foster home.

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

18        “243.145. (1) The Public Employees’ Benefit Board shall have authority to  
19 employ whatever means are reasonably necessary to carry out the purposes  
20 of ORS 243.105 to 243.285 and 292.051. [*Such authority shall include*] **The**  
21 **board’s authority includes,** but is not limited to, **the** authority to self-  
22 insure and to seek clarification, amendment, modification, suspension or  
23 termination of any agreement or contract that in the board’s judgment re-  
24 quires such action.

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



1 ployees and terminate all board-approved participation in the plan.

2 “(3) The board by order may terminate the participation of any state  
3 agency **or local government** if within three months the state agency **or**  
4 **local government** fails to perform any action required by ORS 243.105 to  
5 243.285 and 292.051 or by board rule.

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

7 “243.160. A retired state **or local government** officer or employee is not  
8 required to participate in one of the group benefit plans described in ORS  
9 243.135 in order to obtain dental benefit plan coverage. The Public  
10 Employees’ Benefit Board shall establish by rule standards of eligibility for  
11 retired officers or employees to participate in a dental benefit plan.

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

13 “243.170. When more than one individual shares a single position that is  
14 classified as a job-sharing position, the state **or the local government** shall  
15 contribute to obtain coverage for the individuals a total amount not greater  
16 than the amount that would be contributed to obtain coverage for one indi-  
17 vidual in the same position. The individuals shall receive credit for the state  
18 **or local government** contribution in such proportions as they and the em-  
19 ployer agree upon, and each individual who desires coverage shall make  
20 further contribution in such amounts as may be appropriate.

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

22 “243.200. (1)(a) The Public Employees’ Benefit Board may allow self-pay  
23 groups to participate in benefit plans available to eligible [*state*] employees,  
24 if the group meets a minimum participation level equal to 75 percent of the  
25 persons in the group.

26 “(b) Notwithstanding paragraph (a) of this subsection, the board may al-  
27 low nurses or nurse educators who are employed less than half-time by a  
28 state agency, **local government** or university and who are not otherwise  
29 eligible for a state **or local government** contribution for benefits to par-  
30 ticipate in a self-pay group without any minimum participation level of per-

1 sons in the group.

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

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

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

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

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

12 “243.215. Any eligible employee unable to participate in one or more of  
13 the plans described in ORS 243.135 (1) solely because the employee is as-  
14 signed to perform duties outside the state may be eligible to receive the  
15 monthly state **or local government** contribution, less administrative ex-  
16 penses, as payment of all or part of the cost of a health benefit plan of  
17 choice, subject to the approval of the Public Employees’ Benefit Board and  
18 such rules as the board may adopt.

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

20 “243.221. (1) In addition to the powers and duties otherwise provided by  
21 law to provide employee benefits, the Public Employees’ Benefit Board may  
22 provide, administer and maintain flexible benefit plans under which eligible  
23 employees [*of this state*] may choose among taxable and nontaxable benefits  
24 as provided in the federal Internal Revenue Code.

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

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

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

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

29 “(d) Expense reimbursement as provided in ORS 243.560.

30 “(e) Any other benefit that may be excluded from an employee’s gross

1 income under the federal Internal Revenue Code.

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

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

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

8 “243.275. (1) In addition to contracting for health and dental benefit plans,  
9 the Public Employees’ Benefit Board may contract with carriers to provide  
10 at the expense of participating eligible employees and with or without state  
11 **or local government** participation for coverage, including but not limited  
12 to, insurance or other benefit based on life, supplemental medical, supple-  
13 mental dental, optical, accidental death or disability insurance plans.

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

20 “(3) For any benefit plan or plans described in subsection (1) of this sec-  
21 tion in which the state **or a local government** participates, the monthly  
22 contribution of each eligible employee for the benefit plan, for which the  
23 employee exercises an option and there is state **or local government** par-  
24 ticipation, shall be reduced by an amount equal to the portion [*thereof*] con-  
25 tributed by the state **or the local government**, including the cost of  
26 enrollment [*of the eligible employee*] and [*the*] administrative expenses  
27 [*therefor*].

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

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

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

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

13 **“(2) The decision of the governing body of a local government to**  
14 **participate in a benefit plan offered by the board is solely in the dis-**  
15 **cretion of the governing body of the local government and is not sub-**  
16 **ject to collective bargaining.**

17 **“(3) If the governing body of a local government elects to partic-**  
18 **ipate in a benefit plan offered by the board, the participating govern-**  
19 **ing body may terminate participation in that plan to participate in a**  
20 **benefit plan offered through the Oregon Health Authority that is in**  
21 **conformity with the Patient Protection and Affordable Care Act (P.L.**  
22 **111-148).**

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

24 **“243.860. As used in ORS 243.860 to 243.886, unless the context requires**  
25 **otherwise:**

26 **“(1) ‘Benefit plan’ includes but is not limited to:**

27 **“(a) Contracts for insurance or other benefits, including medical, dental,**  
28 **vision, life, disability and other health care recognized by state law, and re-**  
29 **lated services and supplies;**

30 **“(b) Self-insurance programs managed by the Oregon Educators Benefit**

1 Board; and

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

4 “(2) ‘Carrier’ means an insurance company or health care service con-  
5 tractor holding a valid certificate of authority from the Director of the De-  
6 partment of Consumer and Business Services, or two or more companies or  
7 contractors acting together pursuant to a joint venture, partnership or other  
8 joint means of operation, or a board-approved provider or guarantor of ben-  
9 efit plan coverage and compensation.

10 “(3) ‘District’ means a common school district, a union high school dis-  
11 trict, an education service district, as defined in ORS 334.003, or a commu-  
12 nity college district, as defined in ORS 341.005.

13 “(4)(a) ‘Eligible employee’ includes:

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

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

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

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

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

29 “(iv) Is eligible to receive a service retirement allowance or pension under  
30 any other retirement benefit plan or system offered by the district **or local**

1 **government** and has attained earliest retirement age under the plan or  
2 system.

3 “(b) Except as provided in paragraph (a)(B) of this subsection, ‘eligible  
4 employee’ does not include an individual:

5 “(A) Engaged as an independent contractor;

6 “(B) Whose periods of employment in emergency work are on an inter-  
7 mittent or irregular basis; or

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

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

16 “(6) ‘**Local government**’ means any city, county or special district  
17 in this state.

18 “[6] (7) ‘Payroll disbursing officer’ means the officer or official author-  
19 ized to disburse moneys in payment of salaries and wages of officers and  
20 employees of a district **or a local government**.

21 “[7] (8) ‘Premium’ means the monthly or other periodic charge, including  
22 administrative fees of the Oregon Educators Benefit Board, for a benefit  
23 plan.

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

25 “243.862. (1) There is established in the Oregon Health Authority an  
26 Oregon Educators Benefit Board consisting of **at least** 10 members appointed  
27 by the Governor, including:

28 “(a) Two members representing district boards;

29 “(b) Two members representing district management;

30 “(c) Two members representing nonmanagement district employees from

1 the largest labor organization representing district employees;

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

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

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

8 **“(2)(a) If the governing body of a local government elects to par-**  
9 **ticipate in a benefit plan offered by the board, in addition to the**  
10 **members appointed under subsection (1) of this section, the Governor**  
11 **shall appoint two members, one of whom represents local government**  
12 **management and one of whom represents local government nonman-**  
13 **agement employees.**

14 **“(b) After the appointment of members under paragraph (a) of this**  
15 **subsection, if the number of eligible employees of a local government**  
16 **or local governments enrolled in a benefit plan or plans offered by the**  
17 **board exceeds 25,000, the Governor shall appoint two additional mem-**  
18 **bers, one of whom represents local government management and one**  
19 **of whom represents local government nonmanagement employees.**

20 **“(c) After the appointment of members under paragraphs (a) and**  
21 **(b) of this subsection, for every additional 25,000 eligible employees of**  
22 **a local government or local governments enrolled in a benefit plan or**  
23 **plans offered by the board, the Governor shall appoint one additional**  
24 **member representing local government management and one addi-**  
25 **tional member representing local government nonmanagement em-**  
26 **ployees.**

27 **“(3) A maximum of three members may be appointed to represent**  
28 **local government management and a maximum of three members may**  
29 **be appointed to represent local government nonmanagement employ-**  
30 **ees.**

1       “[(2)] (4) The term of office of each member is four years, but a member  
2 serves at the pleasure of the Governor. Before the expiration of the term of  
3 a member, the Governor shall appoint a successor to take office upon the  
4 date of that expiration. A member is eligible for reappointment. If there is  
5 a vacancy for any cause, the Governor shall make an appointment to become  
6 immediately effective for the unexpired term.

7       “[(3)] (5) A member of the board is not entitled to compensation, but may  
8 be reimbursed from funds available to the board for actual and necessary  
9 travel and other expenses incurred by the member in the performance of the  
10 member’s official duties in the manner and amount provided in ORS 292.495.

11       “[(4)] (6) The board shall select one of its members as chairperson and  
12 another as vice chairperson, for such terms and with duties and powers  
13 necessary for the performance of the functions of such offices as the board  
14 determines.

15       “[(5)] (7) A majority of the members of the board constitutes a quorum  
16 for the transaction of business.

17       “[(6)] (8) The board shall meet at times and places specified by the call  
18 of the chairperson or of a majority of the members of the board.

19       “[(7)] (9) Appointments of members to the board by the Governor are  
20 subject to confirmation by the Senate in the manner prescribed in ORS  
21 171.562 and 171.565.

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

23       “243.864. (1) The Oregon Educators Benefit Board:

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

26       “(b) May adopt rules not inconsistent with ORS 243.860 to 243.886 to de-  
27 termine the terms and conditions of eligible employee participation in and  
28 coverage under benefit plans.

29       “(2) The board shall study all matters connected with the provision of  
30 adequate benefit plan coverage for eligible employees on the best basis pos-



1 sible with regard to the welfare of the employees and affordability for the  
2 districts **and local governments**. The board shall design benefits, prepare  
3 specifications, analyze carrier responses to advertisements for bids and  
4 award contracts. Contracts shall be signed by the chairperson on behalf of  
5 the board.

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

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

17 “(5) The board may retain consultants, brokers or other advisory person-  
18 nel when necessary and shall employ such personnel as are required to per-  
19 form the functions of the board.

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

21 “243.866. (1) The Oregon Educators Benefit Board shall contract for ben-  
22 efit plans best designed to meet the needs and provide for the welfare of el-  
23 igible employees, [*and*] the districts **and local governments**. In considering  
24 whether to enter into a contract for a benefit plan, the board shall place  
25 emphasis on:

26 “(a) Employee choice among high-quality plans;

27 “(b) Encouragement of a competitive marketplace;

28 “(c) Plan performance and information;

29 “(d) District **and local government** flexibility in plan design and con-  
30 tracting;

1       “(e) Quality customer service;

2       “(f) Creativity and innovation;

3       “(g) Plan benefits as part of total employee compensation; and

4       “(h) Improvement of employee health.

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

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

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

16       “(5) In developing any benefit plan, the board may provide an option of  
17 additional coverage for eligible employees and family members at an addi-  
18 tional premium.

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

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

1 “(8) The board shall evaluate a benefit plan that serves a limited ge-  
2 ographic region of this state according to the criteria described in subsection  
3 (1) of this section.

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

5 “243.868. (1) In addition to contracting for health and dental benefit plans,  
6 the Oregon Educators Benefit Board may contract with carriers to provide  
7 other benefit plans including, but not limited to, insurance or other benefits  
8 based on life, supplemental medical, supplemental dental, supplemental vi-  
9 sion, accidental death or disability insurance plans.

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

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

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

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

29 “243.874. (1) In addition to the powers and duties otherwise provided by  
30 law to provide benefit plans for eligible employees, the Oregon Educators

1 Benefit Board may provide and administer flexible benefit plans under which  
2 eligible employees may choose among taxable and nontaxable benefits as  
3 provided in the federal Internal Revenue Code.

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

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

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

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

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

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

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

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

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

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

23 “243.878. (1) The Oregon Educators Benefit Board may employ whatever  
24 means are reasonably necessary to carry out the purposes of ORS 243.860 to  
25 243.886. This authority includes, but is not limited to, authority to self-insure  
26 and to seek clarification, amendment, modification, suspension or termi-  
27 nation of any agreement or contract.

28 “(2) Upon providing specific notice in writing to the carrier, the affected  
29 labor organization or organizations, the districts, **the local governments,**  
30 the Oregon Health Authority and the affected eligible employees, and after

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

6 “(3) The board by order may terminate the participation of a district **or**  
7 **a local government** in a benefit plan if, within three months, the district  
8 **or local government** fails to perform an action required by ORS 243.860 to  
9 243.886 or by board rule.

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

11 “243.882. Subject to legislative budgetary authorization for operation of  
12 the Oregon Educators Benefit Board and the board’s administration of ben-  
13 efit plans and other duties under ORS 243.860 to 243.886, an amount not to  
14 exceed two percent of the monthly employer and employee contributions for  
15 benefit plans shall be forwarded by each participating district **and local**  
16 **government** to the board and deposited by the board in the State Treasury  
17 to the credit of the Oregon Educators Benefit Account to meet the board’s  
18 administrative and other costs authorized by ORS 243.860 to 243.886. The  
19 board shall ensure that the balance in the account does not exceed five per-  
20 cent of the monthly total of employer and employee contributions for more  
21 than 120 days.

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

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

27 **“(2) The decision of the governing body of a local government to**  
28 **participate in a benefit plan offered by the board is solely in the dis-**  
29 **cretion of the governing body of the local government and is not sub-**  
30 **ject to collective bargaining.**

1       **“(3) If the governing body of a local government elects to partic-**  
2 **ipate in a benefit plan offered by the board, the participating govern-**  
3 **ing body may terminate participation in that plan to participate in a**  
4 **benefit plan offered through the Oregon Health Authority that is in**  
5 **conformity with the Patient Protection and Affordable Care Act (P.L.**  
6 **111-148).”**.

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