
MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: Human Services Subcommittee

From: Linda Ames, Legislative Fiscal Office
(503) 986-1816

Date: June 9, 2015

Subject: SB 5526: Oregon Health Authority – Public Employees’ Benefit Board
Work Session Recommendations

Oregon Health Authority – Public Employees’ Benefit Board

| | 2011-13 Actual | 2013-15 Legislatively Approved | 2015-17 Current Service Level | 2015-17 LFO Recommended |
|--------------------|---------------------------|---|--|--|
| General Fund | 7,553 | | | |
| Other Funds | 6,618,440 | 1,626,049,752 | 1,644,093,309 | 1,782,969,295 |
| Other Funds NL | 1,186,733,112 | 0 | 0 | 0 |
| Total Funds | \$1,193,359,105 | \$1,626,049,752 | \$1,644,093,309 | \$1,782,969,295 |
| Positions | 19 | 20 | 19 | 22 |
| FTE | 18.50 | 19.50 | 18.50 | 21.50 |

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Health Authority – Public Employees’ Benefit Board (PEBB). The LFO recommended budget for is 9.7% higher than the 2013-15 legislatively approved budget. It contains the following:

- Caps PEBB expenditure growth at 3.4% per employee per year, consistent with the Oregon Educators Benefit Board and the Oregon Health Plan.
- Includes three new positions to address workload related to improved technology and automation, new medical plan options with new insurers and variations in plan design, and bringing the administration of the gym subsidy program in-house.

Adjustments to Current Service Level:

See attached “SB 5526 Work Session” spreadsheet dated 6/9/15.

LFO recommends the Subcommittee approve a 2015-17 OHA Public Employees' Benefit Board preliminary budget of:

\$1,782,969,295 Other Funds

22 Positions

21.50 FTE

Accept LFO Recommendation

Move the LFO preliminary budget recommendations to SB 5526.

Performance Measures

All agency performance measures will be presented for approval as part of the final action on the OHA budget.

Recommended Changes to Appropriation Bill:

The Public Employees' Benefit Board budget is part of SB 5526, which is the budget bill for the entire Oregon Health Authority. The recommended amendments to SB 5526 will be presented after work sessions are completed on all parts of the budget.

**Public Employees' Benefit Board
2015-17 Recommended Budget**

| Year | PEPM Rate | Percent Change | <u>Core Program Expenditures</u> | | |
|--------------|-----------|----------------|----------------------------------|------------------------|---|
| | | | Number of Employees | Estimated Expenditures | |
| Actuals: | | | | | |
| 2008 | 1,022.19 | | 47,610 | 583,997,591 | |
| 2009 | 1,075.10 | 5.2% | 49,315 | 636,222,678 | |
| 2010 | 1,149.04 | 6.9% | 50,498 | 696,290,663 | |
| 2011 | 1,214.05 | 5.7% | 50,505 | 735,787,143 | |
| 2012 | 1,151.10 | -5.2% | 49,666 | 686,046,391 | |
| 2013 | 1,211.05 | 5.2% | 49,564 | 720,293,786 | |
| 2014 | 1,241.09 | 2.5% | 50,846 | 757,253,546 | |
| Projections: | | | | | |
| 2015 | 1,283.29 | 3.4% | 51,391 | 791,392,864 | <u>2015-17 Biennium</u> 1,646,991,494 |
| 2016 | 1,326.92 | 3.4% | 51,700 | 823,220,436 | |
| 2017 | 1,372.03 | 3.4% | 52,000 | 856,149,253 | |
| | | | | Optionals: | <u>126,085,409</u> |
| | | | | Total Program Budget: | <u>1,773,076,903</u> |
| | | | | PEBB Operations: | <u>9,892,392</u> |
| | | | | TOTAL: | <u>1,782,969,295</u> |

Notes:

PEPM = Per Employee Per Month.

Number of Employees includes number of Active and Enrolled Employees in Medical Plans.

Core Program Expenditures include total costs of core benefits (medical/RX, dental, vision, basic life) as well as admin (ASO) fees, other taxes and fees.

Core Program Expenditures exclude optional employee-paid benefits (life, disability, LTC), as well as retiree benefits. They are added at the end, as Optionals.

PEBB Operations are also added at the end.

The PEPMs for 2015, 2016 and 2017 are capped at the percent increases shown in the box.

**OREGON HEALTH AUTHORITY: PUBLIC EMPLOYEES' BENEFIT BOARD
2015-17 RECOMMENDED BUDGET**

| | GEN FUND | LOTTERY | OTHER | FEDERAL | NL Other Funds | NL Fed Funds | Total Funds | POS | FTE | Comments |
|---|----------|---------|---------------|---------|----------------|--------------|---------------|-----|-------|----------|
| 2013-15 Legislatively Approved Budget (As of May 2015) | - | - | 1,626,049,752 | - | - | - | 1,626,049,752 | 20 | 19.50 | |
| 2015-17 Current Service Level Estimate | - | - | 1,644,093,309 | - | - | - | 1,644,093,309 | 19 | 18.50 | |
| 2015-17 Governor's Budget | - | - | 1,645,718,505 | - | - | - | 1,645,718,505 | 22 | 21.50 | |
| 2015-17 LFO RECOMMENDED BUDGET | - | - | 1,782,969,295 | - | - | - | 1,782,969,295 | 22 | 21.50 | |

2015-17 WORKING BUDGET ADJUSTMENTS DETAIL

| | | | | | | | | | | | |
|----|---|---|---|----------------------|---|---|---|----------------------|--------------|--------------|---------------------------------|
| 1 | 2015-17 Current Service Level Estimate | - | - | 1,644,093,309 | - | - | - | 1,644,093,309 | 19 | 18.50 | |
| 2 | LFO Recommendations of Existing Packages | | | | | | | | | | |
| 3 | Pkg 082: December 2014 EBoard actions | - | - | 625,196 | - | - | - | 625,196 | 3 | 3.00 | |
| 4 | | | | | | | | | | | |
| 5 | Other Recommended Adjustments | | | | | | | | | | |
| 6 | Pkg 801: LFO Analyst Adjustments | | | | | | | | | | |
| 7 | Update budget to latest data | | | 138,239,179 | | | | 138,239,179 | | | |
| 8 | Adjustment to CSL for Attorney General rates | | | 11,611 | | | | 11,611 | | | End of Session bill will adjust |
| 9 | | | | | | | | | | | |
| 10 | Total Adjustments from CSL | - | - | 138,875,986 | - | - | - | 138,875,986 | 3 | 3.00 | |
| 11 | | | | | | | | | | | |
| 12 | TOTAL 2015-17 Recommended Budget | - | - | 1,782,969,295 | - | - | - | 1,782,969,295 | 22 | 21.50 | |
| 13 | | | | | | | | | | | |
| 14 | Change from 2013-15 Approved | | | 156,919,543 | | | | 156,919,543 | 2 | 2.00 | |
| 15 | Change from 2015-17 CSL Estimate | | | 138,875,986 | | | | 138,875,986 | 3 | 3.00 | |
| 16 | Change from 2015-17 Governor's Budget | | | 137,250,790 | | | | 137,250,790 | - | - | |
| 17 | | | | | | | | | | | |
| 18 | % Change from 2013-15 Approved | | | 9.7% | | | | 9.7% | 10.0% | 10.3% | |
| 19 | % Change from 2015-17 CSL Estimate | | | 8.4% | | | | 8.4% | 15.8% | 16.2% | |
| 20 | % Change from 2015-17 Governor's Budget | | | 8.3% | | | | 8.3% | 0.0% | 0.0% | |