

---

# 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 of the Joint Committee on Ways and Means

**From:** Kim To, Legislative Fiscal Office, 503-986-1830

**Date:** Wednesday, June 24, 2015

**Subject:** HB 2522 Relating to health care for Pacific Islanders legally residing in the United States under a Compact of Free Association treaty  
Work Session Recommendation

---

House Bill 2522 House Bill 2522 establishes the Islander Health Coverage Gap Assessment Office in the Oregon Health Authority to ensure that individuals who legally entered the United States under a Compact of Free Association (COFA) from the Republic of Palau, the Republic of the Marshall Islands, and the Federal States of Micronesia have the same access to health care as United States citizens residing in Oregon.

The measure previously had hearings in the House Committee on Health Care on 2/9/2015, 4/17/2015, and 4/20/2015.

The – 9 amendment, the original staff measure summary, and the fiscal impact statements are attached to this memo, and available on the Oregon Legislative Information System (OLIS).

## **The –9 amendment**

The –9 amendment replaces the bill:

- Requires the Department of Consumer and Business Services (DCBS) to develop recommendations for the creation of a premium assistance program for low-income Compact of Free Association (COFA) islanders to enable COFA residents of Oregon to purchase health benefit plans through the health insurance exchange.
- Directs DCBS to convene an advisory group to advise the department in developing these recommendations.
- Requires DCBS to report its recommendations to the Legislature by September 15, 2016.

## **Fiscal Impact**

The fiscal impact of this bill on DCBS is minimal. The Department will use existing staff and resources to carry out the provisions of this bill.

**Recommendation**

LFO recommends moving the – 9 amendment into the bill.

**Motion**

Motion: Senator/Representative \_\_\_\_\_:

**I move the dash 9 amendment into HB 2522.**

**Motion**

Motion: Senator/Representative \_\_\_\_\_:

**I move HB 2522 to the Full Committee with a “do pass” recommendation as amended.**

**Assignment of Carriers**

Full: \_\_\_\_\_

Senate: \_\_\_\_\_

House: \_\_\_\_\_

**PROPOSED AMENDMENTS TO  
HOUSE BILL 2522**

1 On page 2 of the printed bill, delete lines 14 through 39 and insert:

2 **“SECTION 1. (1) As used in this section:**

3 **“(a) ‘COFA islander’ means an individual who legally entered the**  
4 **United States under a Compact of Free Association treaty between the**  
5 **United States and any of the following countries:**

6 **“(A) The Republic of Palau.**

7 **“(B) The Republic of the Marshall Islands.**

8 **“(C) The Federated States of Micronesia.**

9 **“(b) ‘Health insurance exchange’ has the meaning given that term**  
10 **in ORS 741.300.**

11 **“(c) ‘Premium assistance’ means the payment or reimbursement**  
12 **of premium costs for a qualified health plan and the out-of-pocket**  
13 **costs associated with receiving services covered by the plan.**

14 **“(2) The Department of Consumer and Business Services shall de-**  
15 **velop recommendations for the creation of a premium assistance pro-**  
16 **gram for low-income COFA islanders to enable them to purchase**  
17 **health benefit plans through the health insurance exchange and to pay**  
18 **the out-of-pocket expenses incurred under the plans.**

19 **“(3) The recommendations may include, but are not limited to:**

20 **“(a) Eligibility requirements;**

21 **“(b) The amount of assistance;**

22 **“(c) How the assistance should be distributed among eligible indi-**

1 **viduals; and**

2 **“(d) The cost and financing of the program, including whether fed-**  
3 **eral funds or other funds may be available.**

4 **“(4) The department shall convene an advisory group that includes**  
5 **COFA islanders from each of the affected communities and other**  
6 **stakeholders to assist and advise the department in developing the**  
7 **recommendations.**

8 **“(5) The department shall report its recommendations to the Leg-**  
9 **islative Assembly and to the interim committees of the Legislative**  
10 **Assembly related to health, in the manner provided in ORS 192.245,**  
11 **no later than September 15, 2016.**

12 **“SECTION 2. Section 1 of this 2015 Act is repealed on January 2,**  
13 **2018.”.**

14 In line 40, delete “5” and insert “3”.

15

---

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 2522 - 9**

Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

---

Prepared by: Kim To  
Reviewed by: Linda Ames  
Date: 6/18/2015

---

**Measure Description:**

Creates Islander Health Coverage Gap Assessment Office in Oregon Health Authority to promote access to health care for island citizens residing in United States under Compact of Free Association.

**Government Unit(s) Affected:**

Department of Consumer and Business Services (DCBS), Oregon Health Authority (OHA)

**Local Government Mandate:**

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**Analysis:**

House Bill 2522 with the – 9 amendment requires the Department of Consumer and Business Services (DCBS) to develop recommendations for the creation of a premium assistance program for low-income Compact of Free Association (COFA) islanders to enable them to purchase health benefit plans through the health insurance exchange. The bill directs DCBS to convene an advisory group to advise the department in developing these recommendations. DCBS is required to report its recommendations to the Legislature by September 15, 2016.

The fiscal impact of this bill on DCBS is minimal. The Department will use existing staff and resources to carry out the provisions of this bill.

**STAFF MEASURE SUMMARY****House Committee On Health Care****Fiscal:** Fiscal impact issued**Revenue:** No Revenue Impact**Action Date:** 04/20/15**Action:** Do Pass And Be Referred To Ways And Means By Prior Reference**Meeting Dates:** 02/09, 04/17, 04/20**Vote:**

Yeas: 7 - Buehler, Clem, Greenlick, Kennemer, Keny-Guyer, Lively, Nosse

Nays: 2 - Hayden, Weidner

**Prepared By:** Sandy Thiele-Cirka, Committee Administrator

---

**WHAT THE MEASURE DOES:**

Creates the Islander Health Coverage Gap Assessment Office in the Oregon Health Authority (OHA) to promote access to health care for island citizens residing in the United States under the Compact of Free Association (COFA). Defines islander and directs OHA to report to the Legislative Assembly. Establishes January 1, 2016 as the operative date. Declares an emergency, effective on passage.

**ISSUES DISCUSSED:**

- Current barriers for COFA citizens
- COFA citizens that are Oregonians
- United States occupation during World War II
- Trust Territory of the Pacific Islands
- Nuclear atmospheric bomb testing
- Proposed amendment
- Concerns about the fiscal impact

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

After World War II, the United States assumed administration of the Trust Territory of the Pacific Islands. The Trust controlled the development of the island economies and international relations. In 1986, the island nations under the Trust Territory were given the option of choosing between becoming a commonwealth of the U.S. or independent nations with special agreements with the U.S. Three Island territories chose independence, and that independence came attached with a unique treaty, known as "Compact of Free Association" (COFA). COFA agreements were made between the U.S. and The Republic of the Marshall Islands (RMI), The Republic of Palau (Palau) and the Federated States of Micronesia (FSM).

The Compact agreements allow the citizens from each of these nations to freely migrate, without work permits or visas, to study, live and work in the U.S. It also allows the U.S. to have a military presence in the COFA islands in perpetuity.

# House Bill 2522

Sponsored by Representative CLEM (Pre-session 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**.

Creates Islander Health Coverage Gap Assessment Office in Oregon Health Authority to promote access to health care for island citizens residing in United States under Compact of Free Association. Appropriates moneys.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to health care for Pacific Islanders legally residing in the United States under a Compact  
3 of Free Association treaty; and declaring an emergency.

4 Whereas shortly after World War II, the United States assumed administration of the Trust  
5 Territory of the Pacific Islands, under a United Nations strategic trusteeship that provided for  
6 American control over development of the islands' economies and international relations and gave  
7 the United States military access to territory within the islands; and

8 Whereas the United States was allowed by the United Nations to treat the islands as a strategic  
9 trust territory, and so the United States Atomic Energy Commission established the Pacific Proving  
10 Grounds in the Marshall Islands and tested 67 atmospheric nuclear weapons between 1946 and 1958;  
11 and

12 Whereas some of the testing in the trustee territories caused nuclear fallout on a number of the  
13 islands, including several that were inhabited; and

14 Whereas some island citizens were residing in the vicinity of the Pacific Proving Grounds, and  
15 their descendants continue to exhibit medical conditions that may have resulted from exposure to  
16 the nuclear fallout that is still measurable on some islands; and

17 Whereas the area now includes three groups of islands, called the Compact of Free Association  
18 (COFA) islands, that are independent nations and include the Republic of Palau, the Republic of the  
19 Marshall Islands and the Federated States of Micronesia; and

20 Whereas, notwithstanding the COFA islands' independent nation status, the economies of these  
21 islands are heavily dependent on United States government grants under the COFA treaty and the  
22 United States military presence; and

23 Whereas treaties arising out of the special and unique relationship that has existed between the  
24 three COFA island nations and the United States allow island citizens to enter the United States  
25 without work permits or visas to study, live and work and to access benefits available to United  
26 States citizens, such as driver licenses and health care; and

27 Whereas, since the COFA treaties went into effect in 1986, stagnant island economies have made  
28 it difficult for island citizens to find jobs or obtain a decent education, so island citizens have moved  
29 to the United States for education and work opportunities; and

30 Whereas COFA island citizens volunteer to serve in the United States armed services at a

**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 higher per capita rate than United States citizens; and

2 Whereas, while the United States retains a strong military and economic presence in the COFA  
3 islands, recently some states and the United States Congress have unilaterally reduced some bene-  
4 fits, including access to driver licenses and health care, for the COFA island citizens residing in the  
5 United States; and

6 Whereas the COFA island families residing in this country should be fairly treated in recogni-  
7 tion of the special and unique relationship between the COFA islands and the United States and of  
8 the need for the United States to maintain a strong military and economic presence in the COFA  
9 islands; and

10 Whereas many of the benefits and services denied to COFA island citizens are administered by  
11 states, and the United States Congress has not taken steps to extend federal government services  
12 to COFA island citizens residing in the United States; now, therefore,

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

14 **SECTION 1. (1) As used in this section, “islander” means an individual who legally en-**  
15 **tered the United States under a Compact of Free Association treaty between the United**  
16 **States and any of the following countries:**

17 (a) **The Republic of Palau.**

18 (b) **The Republic of the Marshall Islands.**

19 (c) **The Federated States of Micronesia.**

20 (2) **The Islander Health Coverage Gap Assessment Office is established within the Oregon**  
21 **Health Authority. The office shall promote access to health care for islanders and ensure**  
22 **that islanders have the same access to health care as United States citizens residing in**  
23 **Oregon.**

24 (3) **The Director of the Oregon Health Authority shall employ persons necessary for the**  
25 **performance of the functions of the office.**

26 (4) **The office shall report to the Legislative Assembly or to the appropriate interim**  
27 **committees of the Legislative Assembly in the manner provided in ORS 192.245:**

28 (a) **At least once each calendar quarter on the progress made and the problems en-**  
29 **countered in carrying out its duties under this section; and**

30 (b) **Prior to implementing or participating in any programs developed by the office.**

31 **SECTION 2. The Director of the Oregon Health Authority may take any action before the**  
32 **operative date of section 1 of this 2015 Act that is necessary to enable the director to exer-**  
33 **cise, on and after the operative date of section 1 of this 2015 Act, the duties, functions and**  
34 **powers of the director under section 1 of this 2015 Act.**

35 **SECTION 3. In addition to and not in lieu of any other appropriation, there is appropri-**  
36 **ated to the Oregon Health Authority, for the biennium beginning July 1, 2015, out of the**  
37 **General Fund, the amount of \$100,000, which may be expended for carrying out the provisions**  
38 **of section 1 of this 2015 Act.**

39 **SECTION 4. Section 1 of this 2015 Act becomes operative on January 1, 2016.**

40 **SECTION 5. This 2015 Act being necessary for the immediate preservation of the public**  
41 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**  
42 **on its passage.**

43