

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2778 - 2

79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office

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

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Measure Description:

Prohibits insurer, Public Employees' Benefit Board and Oregon Educators Benefit Board from offering benefit plans that require prior authorization or increased cost-sharing for specified health care services if cost of services is reimbursed by plan.

Government Unit(s) Affected:

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

Summary of Expenditure Impact:

HB 2778-2 could result in costs of approximately \$27 million in 2017-19 and \$55 million in 2019-21.

Analysis:

HB 2778-2 prohibits insurers, including the Public Employees' Benefit Board (PEBB) and the Oregon Educators Benefit Board (OEBB), from offering health insurance plans that require pre-authorization or increased cost sharing for certain services that are reimbursed by the plan. The measure also prohibits an insurer from requesting payment refund on a claim if the treatment was approved by the insurer and the insurer confirmed coverage of the service.

The measure is anticipated to have a fiscal impact. According to information provided by PEBB's largest insurer, the measure would increase premium rates by 1.1%, mostly attributable to the provision regarding the removal of cost sharing. If all PEBB medical plan insurers increased the rate by the same amount, the increased premium costs would be \$12.9 million in 2017-19 and \$17.2 million in 2019-21. OEBB's largest insurer indicated premium rates would increase by 2.85% as a result of the measure and, again, primarily due to the provision regarding the removal of cost sharing. If all OEBB medical plan insurers increased the rate by the same amount, the increased premium costs would be \$14.2 million in 2017-19 and \$37.8 million in 2019-21. Ultimately, increased costs in premiums will affect all agency budgets and fund types.

Given the potential fiscal impact of the measure, it is recommended that HB 2778-2 be referred to the Joint Committee on Ways and Means.