

**Legislative
Fiscal Office**

Oregon State Capitol
900 Court Street NE, H-178
Salem, OR 97301
503-986-1828

Ken Rocco, Legislative Fiscal Officer
Paul Siebert, Deputy Fiscal Officer



**Joint Committee on
Ways and Means**

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To: Human Services Subcommittee
From: Linda Ames, Legislative Fiscal Office
Date: June 7, 2017
Subject: HB 5026 – Oregon Health Authority - Oregon Educators Benefit Board
Work Session Recommendations

Oregon Health Authority – Oregon Educators Benefit Board

| | 2013-15 Actual | 2015-17 Legislatively Approved | 2017-19 Current Service Level | 2017-19 LFO Recommended |
|--------------------|------------------------|--------------------------------------|-------------------------------------|-------------------------------|
| Other Funds | 10,224,333 | 1,597,477,853 | 1,663,552,591 | 1,628,931,192 |
| Other Funds NL | 1,421,512,375 | 0 | 0 | 0 |
| Total Funds | \$1,431,736,708 | \$1,597,477,853 | \$1,663,552,591 | \$1,628,931,192 |
| Positions | 24 | 22 | 20 | 19 |
| FTE | 23.00 | 22.00 | 20.00 | 19.00 |

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Health Authority - Oregon Educators Benefit Board. The LFO recommended budget is 2.0% higher than the 2015-17 legislatively approved budget. It includes the following:

- Continues to cap OEGB expenditure growth at 3.4% per employee per year.

Adjustments to Current Service Level

See attached “HB 5026 Work Session ” spreadsheet.

Note: Statewide adjustments and six-year capital construction expenditures are not included in these recommendations. Any needed adjustments will be made in end of session bills.

LFO recommends the Subcommittee approve a 2017-19 OHA Oregon Educators Benefit Board preliminary budget of:

\$ 1,628,931,192 Other Funds

19 Positions

19.00 FTE

Accept LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5026. (VOTE)

OR

Change LFO Recommendation:

MOTION: I move the LFO recommendation to HB 5026, with modifications. (VOTE)

Performance Measures

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

Recommended Changes

The Oregon Educators Benefit Board budget is part of HB 5026, which is the budget bill for the entire Oregon Health Authority. The recommended amendments to HB 5026 will be presented after work sessions are completed on all parts of the budget.

Oregon Educators Benefit Board 2017-19 Recommended Budget

| Plan Year | PEPM Rate | Percent Change | Core Program Expenditures | | |
|--------------|-----------|----------------|---------------------------|------------------------|-------------------------|
| | | | Number of Employees | Estimated Expenditures | |
| Actuals: | | | | | |
| 2008-09 | 874.24 | | 57,537 | 603,546,524 | |
| 2009-10 | 1,017.47 | 16.4% | 57,304 | 699,664,053 | |
| 2010-11 | 1,074.18 | 5.6% | 55,825 | 719,592,789 | |
| 2011-12 | 1,089.49 | 1.4% | 52,852 | 690,979,662 | |
| 2012-13 | 1,109.57 | 1.8% | 52,405 | 697,763,663 | |
| 2013-14 | 1,079.49 | -2.7% | 52,114 | 675,080,669 | |
| 2014-15 | 1,110.20 | 2.8% | 52,548 | 700,065,475 | |
| 2015-16 | 1,140.90 | 2.8% | 53,186 | 728,158,889 | |
| Projections: | | | | | |
| 2016-17 | 1,179.69 | 3.4% | 53,618 | 759,031,807 | |
| 2017-18 | 1,219.80 | 3.4% | 53,402 | 781,677,167 | 2017-19 Biennium |
| 2018-19 | 1,261.27 | 3.4% | 53,402 | 808,254,190 | 1,577,625,761 |
| | | | | Optionals: | 39,967,076 |
| | | | | Total Program Budget: | 1,617,592,837 |
| | | | | OEBB Operations: | 11,338,355 |
| | | | | TOTAL: | 1,628,931,192 |

Notes:

PEPM = Per Employee Per Month

OEBB plan year runs from October 1 through September 30.

Number of employees includes number of active enrolled employees in medical plans, as well as retirees.

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),

They are added at the end, as Optionals.

OEBB Operations are also added at the end.

The PEPMs for 2016-17, 2017-18 and 2018-19 are capped at the percent increases shown in the box.

**OREGON HEALTH AUTHORITY: OREGON EDUCATORS BENEFIT BOARD
2017-19 RECOMMENDED BUDGET**

| | GEN FUND | LOTTERY | OTHER | FEDERAL | NL Other Funds | NL Fed Funds | Total Funds | POS | FTE | Comments |
|--|----------|---------|---------------|---------|----------------|--------------|---------------|-----|-------|----------|
| 2015-17 Legislatively Approved Budget (As of June 2017) | - | - | 1,597,477,853 | - | - | - | 1,597,477,853 | 22 | 22.00 | |
| 2017-19 Current Service Level | - | - | 1,663,552,591 | - | - | - | 1,663,552,591 | 20 | 20.00 | |
| 2017-19 Governor's Budget | - | - | 1,663,397,477 | - | - | - | 1,663,397,477 | 20 | 20.00 | |
| 2017-19 LFO RECOMMENDED BUDGET | - | - | 1,628,931,192 | - | - | - | 1,628,931,192 | 19 | 19.00 | |

2017-19 WORKING BUDGET ADJUSTMENTS DETAIL

| | | | | | | | | | | |
|----|---|---|---|----------------------|---|---|---|----------------------|---------------|---------------|
| 1 | 2017-19 Current Service Level Estimate | - | - | 1,663,552,591 | - | - | - | 1,663,552,591 | 20 | 20.00 |
| 2 | LFO Recommendations of Existing Packages | | | | | | | | | |
| 3 | None | | | | | | | | | |
| 4 | Other Recommended Adjustments | | | | | | | | | |
| 5 | Pkg 801: LFO Analyst Adjustments | | | | | | | | | |
| 6 | Update budget to latest data | - | - | (34,226,509) | - | - | - | (34,226,509) | | |
| 7 | Vacancy savings | - | - | (83,436) | - | - | - | (83,436) | - | - |
| 8 | Technical adjustments and transfers | | | (311,454) | | | | (311,454) | (1) | (1.00) |
| 9 | | | | | | | | | | |
| 10 | Total Adjustments from CSL | - | - | (34,621,399) | - | - | - | (34,621,399) | (1) | (1.00) |
| 11 | | | | | | | | | | |
| 12 | TOTAL 2017-19 Recommended Budget | - | - | 1,628,931,192 | - | - | - | 1,628,931,192 | 19 | 19.00 |
| 13 | | | | | | | | | | |
| 14 | Change from 2015-17 Approved | | | 31,453,339 | | | | 31,453,339 | (3) | (3.00) |
| 15 | Change from 2017-19 CSL Estimate | | | (34,621,399) | | | | (34,621,399) | (1) | (1.00) |
| 16 | Change from 2017-19 Governor's Budget | | | (34,466,285) | | | | (34,466,285) | (1) | (1.00) |
| 17 | | | | | | | | | | |
| 18 | % Change from 2015-17 Approved | | | 2.0% | | | | 2.0% | -13.6% | -13.6% |
| 19 | % Change from 2017-19 CSL Estimate | | | -2.1% | | | | -2.1% | -5.0% | -5.0% |
| 20 | % Change from 2017-19 Governor's Budget | | | -2.1% | | | | -2.1% | -5.0% | -5.0% |