

**Legislative  
Fiscal Office**

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**Joint Committee on  
Ways and Means**

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Rep. Greg Smith, House Co-Vice Chair

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

**Oregon Health Authority – Public Employees’ Benefit Board**

	2013-15 Actual	2015-17 Legislatively Approved	2017-19 Current Service Level	2017-19 LFO Recommended
Other Funds	1,649,353,228	1,872,814,604	1,899,933,830	1,966,743,652
<b>Total Funds</b>	<b>\$1,649,353,228</b>	<b>\$1,872,814,604</b>	<b>\$1,899,933,830</b>	<b>\$1,966,743,652</b>
Positions	20	19	20	19
FTE	19.50	18.50	19.50	18.50

Attached are the recommendations from the Legislative Fiscal Office for the Oregon Health Authority - Public Employees’ Benefit Board. The LFO recommended budget is 5.0% higher than the 2015-17 legislatively approved budget. It includes the following:

- Continues to cap PEBB expenditure growth at 3.4% per employee per year.
- \$12 million Other Funds expenditure limitation to pay the 1.5% insurer tax.

**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 Public Employees' Benefit Board preliminary budget of:

\$ 1,966,743,652      Other Funds

19 Positions

18.50 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 Public Employees' 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.

## Public Employees' Benefit Board 2017-19 Recommended Budget

Calendar 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	1,209.00	5.2%	50,505	732,726,540	
2012	1,151.10	-4.8%	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	
2015	1,286.00	3.6%	52,001	802,479,432	
2016	1,350.00	5.0%	52,355	848,151,000	
Projections:					
2017	1,395.90	3.4%	52,819	884,760,505	<b><u>2017-19 Biennium</u></b>
2018	1,443.36	3.4%	52,819	914,842,362	1,830,196,116
2019	1,492.43	3.4%	52,819	945,947,003	
				Insurer tax at 1.5% Rate:	12000000
				Optionals:	114,533,705
				Total Program Budget:	<b>1,956,729,821</b>
				PEBB Operations:	<u>10,013,831</u>
				<b>TOTAL:</b>	<b>1,966,743,652</b>

### 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 2017, 2018 and 2019 are capped at the percent increases shown in the box.

**OREGON HEALTH AUTHORITY: PUBLIC EMPLOYEES' BENEFIT BOARD  
2017-19 RECOMMENDED BUDGET**

	GEN FUND	LOTTERY	OTHER	FEDERAL	NL Other Funds	NL Fed Funds	Total Funds	POS	FTE	Comments
<b>2015-17 Legislatively Approved Budget (As of June 2017)</b>	-	-	1,872,814,604	-	-	-	1,872,814,604	19	18.50	
<b>2017-19 Current Service Level</b>	-	-	1,899,933,830	-	-	-	1,899,933,830	20	19.50	
<b>2017-19 Governor's Budget</b>	-	-	1,895,810,984	-	-	-	1,895,810,984	19	18.50	
<b>2017-19 LFO RECOMMENDED BUDGET</b>	-	-	1,966,743,652	-	-	-	1,966,743,652	19	18.50	

**2017-19 WORKING BUDGET ADJUSTMENTS DETAIL**

1	<b>2017-19 Current Service Level Estimate</b>	-	-	1,899,933,830	-	-	-	1,899,933,830	20	19.50
2	<b>LFO Recommendations of Existing Packages</b>									
3	Pkg 095: December 2016 EBoard actions									
4	Technical adjustments and transfers	-	-	(212,600)	-	-	-	(212,600)	(1)	(1.00)
5										
6	<b>Other Recommended Adjustments</b>									
7	Pkg 801: LFO Analyst Adjustments									
8	Update budget to latest data	-	-	67,042,114	-	-	-	67,042,114		
9	Vacancy savings	-	-	(55,688)	-	-	-	(55,688)	-	-
10	Technical adjustments and transfers	-	-	275,469	-	-	-	275,469	1	1.00
11	Pkg 812: Vacant Position Elimination	-	-	(239,473)	-	-	-	(239,473)	(1)	(1.00)
12										
13	<b>Total Adjustments from CSL</b>	-	-	<b>66,809,822</b>	-	-	-	<b>66,809,822</b>	<b>(1)</b>	<b>(1.00)</b>
14										
15	<b>TOTAL 2017-19 Recommended Budget</b>	-	-	<b>1,966,743,652</b>	-	-	-	<b>1,966,743,652</b>	<b>19</b>	<b>18.50</b>
16										
17	<b>Change from 2015-17 Approved</b>			<b>93,929,048</b>				<b>93,929,048</b>	-	-
18	<b>Change from 2017-19 CSL Estimate</b>			<b>66,809,822</b>				<b>66,809,822</b>	<b>(1)</b>	<b>(1.00)</b>
19	<b>Change from 2017-19 Governor's Budget</b>			<b>70,932,668</b>				<b>70,932,668</b>	-	-
20										
21	<b>% Change from 2015-17 Approved</b>			<b>5.0%</b>				<b>5.0%</b>	<b>0.0%</b>	<b>0.0%</b>
22	<b>% Change from 2017-19 CSL Estimate</b>			<b>3.5%</b>				<b>3.5%</b>	<b>-5.0%</b>	<b>-5.1%</b>
23	<b>% Change from 2017-19 Governor's Budget</b>			<b>3.7%</b>				<b>3.7%</b>	<b>0.0%</b>	<b>0.0%</b>