

# SUPPORT HOUSE BILL 2266-5: NECESSARY CHANGES TO PEBB AND OEGB

*Including: Restoring coordinated family coverage and opt-out, and cutting down on wasteful spending*

## PROBLEM

Public workers like educators, health care workers, and public safety personnel work hard every day serving the State of Oregon, in exchange for a competitive benefits package, including quality healthcare and a secure retirement. For some workers whose spouse also works in public service, this benefits package also includes the ability to elect coordinated coverage for their family, reducing out-of-pocket costs and preventing against unexpected medical expenses. As a part of overall compensation, strong benefits that employees can rely on make public service a desirable career path, attracting a qualified and passionate workforce to serve our state.

At the same time, there are very real concerns about the cost of healthcare in our state, particularly the cost of pharmaceuticals and hospital costs. In an attempt to address these high costs (among other things), the Legislature passed Senate Bill 1067 in 2017, which enacted certain cost containment measures around PEBB and OEGB - including a prohibition on coordinated coverage, the removal of certain opt-out incentives, and a cap on hospital payments at 200% of Medicare.

Unfortunately, an unintended outcome of certain pieces of that legislation was that individual members who rely on coordinated coverage and opt-out are expected to see significant personal financial impacts next year. Additionally, premiums are expected to go up for PEBB and OEGB an estimated 1 to 1.5 percent next plan year, due to eliminating coordinated coverage and opt-out payments, eating into the savings that were realized by SB 1067 and straining school district budgets.

The bottom line? Prohibiting coordinated coverage and opt-out payments for certain workers at best didn't save the state very much (if any) money, and at worst will have real impacts on workers' personal finances and local school budgets.

## SOLUTION

Support HB 2266-5 to preserve critical health care benefits for hard-working public servants and their families, improve attraction and retention of valued employees, and increase the accountability of PEBB and OEGB to reduce costs and produce better outcomes.

House Bill 2266-5, as amended, will:

- Restore coordinated coverage and opt-out incentives for OEGB and PEBB;
- Direct the PEBB and OEGB boards to enact a reasonable surcharge on any public worker who elects coordinated coverage for their families;
- Make some necessary changes to the dependent auditing process at PEBB and OEGB to ensure accountability and cut down on wasteful spending on non-eligible dependents; and
- Require OEGB and PEBB to report back before the next legislative session about the concrete steps they are taking to cut costs and incentivize better healthcare for lower costs.

