

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4146

80th Oregon Legislative Assembly – 2020 Regular Session
Legislative Fiscal Office*Only Impacts on Original or Engrossed
Versions are Considered Official*Prepared by: Tim Walker
Reviewed by: Tom MacDonald, Amanda Beitel, Doug Wilson
Date: 02/07/2020**Measure Description:**

Provides that part-time faculty member at public institution of higher education who qualifies for health care benefits will pay 10 percent of insurance premiums for employee coverage.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Higher Education Coordinating Commission (HECC), Public Universities, Community Colleges

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2019-21 Biennium	2021-23 Biennium
General Fund	\$5,350,950	\$15,005,177
Other Funds	8,612,802	20,241,739
Total Funds	\$13,963,752	\$35,246,916
Positions	2	2
FTE	0.76	2.00

Analysis: HB 4146 modifies the health insurance premium cost sharing for part-time faculty at public universities and community colleges. Part-time faculty that do not otherwise qualify for health care benefits through a post-secondary education institution, but are eligible for membership in the Public Employees Retirement System (PERS), may currently purchase insurance through the Oregon Educators Benefit Board (OEBB) at their own expense (HB 2557 Program). The bill reduces the percentage paid by part-time faculty for employee-only coverage from 100% to 10%, effective October 1, 2020. The remaining 90% will be covered by the State of Oregon through funds appropriated to OEBB. The bill establishes the Part-Time Faculty Insurance Fund, which consists of funding made available to it for the purpose of making the premium payments. The bill includes a blank General Fund appropriation to OEBB for deposit into the Fund.

OEBB will administer the program and is responsible for determining whether sufficient moneys have been appropriated to cover the payments required, and if not, may increase employee premiums to help cover the shortfall. The bill specifies that public universities and community colleges are not responsible for contributing to the premiums if OEBB determines state appropriations are insufficient.

Based on estimates calculated by OEBB's actuary, this bill is expected to cost \$5.3 million General Fund and \$8.6 million Other Funds in the 2019-21 biennium. The General Fund supports the expected state share of the premium costs over the course of nine months beginning October 1, 2020. This funding will be transferred to and paid from the Part-Time Faculty Insurance Fund. The Other Funds expenditure limitation largely supports the premium payments from the Part-Time Faculty Insurance Fund funded with the \$5.3 million General Fund for the state share of premium expenses and revenue received from the part-time employee share of premium expenses. The Other Funds expenditure limitation will also support two positions (0.76 FTE) to handle new and

increased benefits management and financial services responsibilities and one-time costs to modify OEGB's financial information system to receive, reconcile, and invoice the cost sharing payments for multiple payers. The revenue to support the positions and one-time system upgrade is assumed to come from OEGB's administrative fee assessed on OEGB benefit plans, which the agency estimates will need to be increased to support these costs.

The bill prevents public universities and community colleges from reducing the level of part-time faculty health care benefits currently provided through either policy or collective bargaining agreements. Part-time faculty health benefits vary between institutions, but public universities and most community colleges currently provide faculty that work at least half-time (0.50 FTE) health insurance through the Public Employees Benefit Board (PEBB) and/or OEGB. An increase in the number of part-time faculty hired at public higher education institutions that do not qualify for existing part-time faculty benefits would increase the population eligible for benefits provided in this measure and future General Fund required to cover the state share of costs.

The OEGB actuary estimates that the cost of premiums on all OEGB medical plan premiums with the passage of this bill will increase by 0.2%, which would impact the cost of all OEGB plans. OEGB also states this increase will inhibit their efforts to meet the 3.4% cap on annual health plan premiums and expenditure required under SB 1067 (2017).

As the measure is currently structured, public universities and community colleges do not anticipate a fiscal impact due to the requirements of this bill. The bill has a subsequent referral to the Joint Committee on Ways and Means.