

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 1046 - 1**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Expands network adequacy requirements to health benefit plans offered to large employers and modifies requirements.

Government Unit(s) Affected:

Department of Consumer and Business Services, Oregon Health Authority

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Oregon Health Authority		
Other Funds		
Services and Supplies	\$15,099,811	\$20,133,080
Total Fiscal Impact	\$15,099,811	\$20,133,080
<i>Total Positions</i>	0	0
<i>Total FTE</i>	0.00	0.00

Analysis:

SB 1046-1 replaces “insurer” with “carrier offering an individual or group health benefit plan” or “carrier.” The measure adds a requirement to state law governing individual and group health benefit plans, including:

- Carriers must contract with or employ a network of providers to ensure all covered services are provided in a culturally competent manner and are accessible to enrollees for initial and follow up appointments, including substance use disorder, mental health, and reproductive health care and treatment.
- Ensure health benefit plans offered outside of a health insurance exchange contract or employ a network of providers to cover health professional shortage areas or low-income zip codes as defined by Department of Consumer and Business Services (DCBS).
- DCBS is required to conduct an annual evaluation of network providers to determine compliance with requirements in the measure. DCBS is granted rulemaking authority and makes recommendations for rules.

The measure permits DCBS to prescribe by rule exceptions to the prohibition of telemedicine health care providers to meet statutory requirements.

The Oregon Health Authority (OHA) estimates a \$15,099,811 Other Funds impact to the Public Employees’ Benefit Board (PEBB) and Oregon Educators Benefit Board (OEBB) for the 2023-25 biennium, increasing to \$20,133,088 Other Funds for the 2025-27 biennium. Changing what is included in the list of required services that health benefit plans must cover will impact the premiums for the employee health plans offered by PEBB and OEBB. While costs for both Boards are budgeted as Other Funds, the corresponding revenue comes from the premiums paid by state agencies and universities for PEBB’s plans and the K-12 school system for OEBB’s plans.

Additionally, state agencies support PEBB's premium payments from the various state and federal revenue streams available in their budgets, with General Fund comprising nearly 45% of overall state agency premium payments.

Based on input provided by PEBB's and OEGB's actuaries, OHA estimates that premiums for plans offered by both Boards will increase by an average of 0.5% under the measure due to an anticipated increased use of professional services. For PEBB, this increase would result in additional costs of \$8,627,930 in 2023-25, and \$11,503,906 in 2025-27. For OEGB, the premium increase would result in additional costs of \$6,471,881 in 2023-25, and \$8,629,174 in 2025-27. This potential increase in premiums would challenge PEBB's and OEGB's ability to meet the statutorily required 3.4% annual growth cap on health care premiums and expenditures.

There is a minimal fiscal impact to the Department of Consumer and Business Service.