HB 3157 -5 STAFF MEASURE SUMMARY

House Committee On Behavioral Health and Health Care

Prepared By:	Brian Nieubuurt, LPRO Analyst
Sub-Referral To:	Joint Committee On Ways and Means
Meeting Dates:	3/6, 4/3

WHAT THE MEASURE DOES:

Establishes Health Insurance Mandate Review Advisory Committee (Advisory Committee) to review, and provide report on, all proposed legislative measures and amendments to legislative measures that requires health insurer or health care service contractor to reimburse cost of specified procedure or provider, if measure, concept or amendment is posted to legislative committee's agenda, and to produce report on equity and financial effects of each required coverage that is proposed and efficacy of treatment or service proposed. Specifies Advisory Committee membership and duties of Advisory Committee. Allows Advisory Committee reports to be used in lieu of a fiscal impact statement. Specifies information Advisory Committee reports should contain.

ISSUES DISCUSSED:

- 1984 Task Force on Health Care Cost Containment and House Bill 2031 (1985)
- Fiscal impacts of legislative measures not captured in fiscal impact statements
- Cumulative impacts of recent health insurance legislation
- Similar mandate review efforts in California and Massachusetts
- Differences from Workers' Compensation Management-Labor Advisory Committee (MLAC)

EFFECT OF AMENDMENT:

-5 **Replaces the measure.** Requires joint appointment of Committee members by President of the Senate and Speaker of the House of Representatives and modifies Advisory Committee membership. Clarifies circumstances leading to generation of Advisory Committee report. Clarifies required components of Advisory Committee analysis.

FISCAL: Fiscal impact issued

REVENUE: No revenue impact

BACKGROUND:

As with other forms of insurance, people obtain health insurance to protect themselves against significant future potential costs. Health insurance can be provided by governments (e.g. Medicare and Medicaid) or the private sector (e.g. employer-sponsored and individual market coverage). While the 1945 McCarran-Ferguson Act established states as the primary regulators of the business of insurance, overlapping federal laws like the Employee Retirement Income Security Act of 1974 (ERISA; P.L. 93-406), the Health Insurance Portability and Accountability Act of 1996 (HIPAA; P.L. 104-191), and the Patient Protection and Affordable Care Act (ACA; P.L. 111-148, as amended) complicate the regulation of health insurance. For example, ERISA outlines federal minimum standards for employer-sponsored health insurance that is self-funded and preempts state regulation of those plans, thereby largely limiting state regulation of private sector health insurance to the small group and individual markets.

State regulation of health insurance can take many forms, including mandates related to persons covered (e.g. coverage of dependents or certain conditions), provider types, and services. With insurance working by spreading risk across a coverage group, the introduction of new state mandates on health insurance has implications for the cost of that coverage. Since 1985, Oregon law has required that every proposed piece of legislation mandating

health insurance coverage be accompanied by a report assessing both the social and financial effects of the coverage, including the efficacy of the treatment or service proposed (ORS 171.870 - 171.880).

House Bill 3157 would establish the Health Insurance Mandate Review Advisory Committee to develop a process to review and provide a report on proposed legislative measures mandating health insurance coverage.