

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 972**

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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 Date: 3/10/2023

Measure Description:

Requires Oregon Health Authority to transition from healthcare.gov to state-based marketplace by November 1, 2026.

Government Unit(s) Affected:

Oregon Health Authority, Information Technology

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* | | |
| Personal Services | \$1,717,507 | \$0 |
| Services and Supplies | \$342,357 | \$0 |
| Total Other Funds | \$2,059,864 | \$0 |
| Total Fiscal Impact | \$2,059,864 | \$0 |
| <i>Total Positions</i> | 4 | 0 |
| <i>Total FTE</i> | 3.25 | 0.00 |

**Represents General Fund expended as Other Funds*

Analysis:

SB 972 requires the Oregon Health Authority (OHA) to procure and maintain a platform or service to provide access to the health insurance exchange separate from the federal platform (www.healthcare.gov). Access to the platform or service must be available for use by November 1, 2026. While currently OHA rebates Marketplace assessments in excess operating expenses, this bill removes that limitation and allows the agency to instead retain these funds to establish or administer the state based platform or service that provides electronic access to the health insurance exchange, subsidize a state premium assistance program, or implement other measure to further advance the intent of the Legislative Assembly in ORS 741.001. Finally, the bill repeals ORS 741.107 that requires OHA to submit procurement requests in excess of \$1 million for creating an internet portal for the Small Business Health Options Program. The measure declares an emergency and is effective on passage.

The total fiscal impact for the measure is \$2,059,864 Other Funds and four limited duration full-time positions (3.25 FTE) for the 2023-25 biennium. These costs are necessary for Phase 1 of OHA’s implementation plan. To complete the work of this initial phase that includes the Request for Information (RFI) release to potential vendors, the request for applications (RFA) to project management and quality assurance vendors, filing the state based model concept with the federal government, releasing a request for proposal (RFP), and vendor selection, OHA requires:

- Procurement and Contract Specialist 3 (1.00 FTE) for development of the request for proposal (RFP) and to manage the procurement process for the project.
- Information Systems Specialist 8 (1.00 FTE) for system architecture development and planning
- Operations and Policy Analyst 2 (.75 FTE) as a business analyst starting January 1, 2024 to assist with coordination between divisions during implementation.
- Operations and Policy Analyst 4 (0.50 FTE) as a business relationship manager to work with subject matter experts manage information between internal and external stakeholders.
- Included with the costs of these positions is additional Service and Supplies Other Funds limitation totaling \$92,357.

It is anticipated that Phase 1 will end November 2024. At this time, planning for future phases is dependent on phase one and has not been completed.

Additional costs include \$250,000 Other Funds to contract with a quality assurance vendor. This amount is based on similar projects OHA has completed with related vendors in the past.

Other Funds costs for OHA do not represent a true expense related to the overall cost of the measure, but rather Other Funds expenditure limitation that would be needed to properly budget for expenses paid through OHA's Shared Services budget structure.

The Legislative Fiscal Office (LFO) notes that implementation of this measure includes an information technology component that is likely to require the Oregon Health Authority to comply with the state's IT investment oversight processes. Therefore, the information technology pricing component of this impact statement serves as a high-level preliminary approximation. If this measure passes, the agency will have to: (1) complete business requirements analysis; (2) develop a business case; (3) hire/assign or contract with qualified and experienced project management or other professional staff resources; and (4) develop foundational project management plans to demonstrate the feasibility of the project and its scope, as well as refined cost and schedule estimates pursuant to protocols developed by the Office of the State Chief Information Officer and LFO. Depending on a variety of cost or risk factors, the Oregon Health Authority may also be required to contract for independent quality management services in compliance with ORS 276A.223.