

**FISCAL IMPACT OF PROPOSED LEGISLATION**

Measure: HB 3157 - 5

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:**

Establishes Health Insurance Mandate Review Advisory Committee to review each proposed legislative measure, legislative concept or amendment 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.

**Government Unit(s) Affected:**

Department of Consumer and Business Services, Oregon Health Authority, Legislative Fiscal Office, Legislative Policy and Research Office, Legislative Administration, Legislative Assembly, Task Force/Committee/Workgroup, Oregon Health and Science University

**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
<b>Legislative Policy and Research Office</b>		
General Fund	\$1,073,299	\$1,165,502
<b>Total Funds</b>	<b>\$1,073,299</b>	<b>\$1,165,502</b>
Positions	4	4
FTE	2.33	2.50
<b>Department of Consumer and Business Services</b>		
General Fund	\$213,945	\$248,682
<b>Total Funds</b>	<b>\$213,945</b>	<b>\$248,682</b>
Positions	1	1
FTE	0.88	1.00
<b>Legislative Fiscal Office</b>		
General Fund	\$149,253	\$166,847
<b>Total Funds</b>	<b>\$149,253</b>	<b>\$166,847</b>
Positions	1	1
FTE	0.44	0.50
<b>Oregon Health Authority</b>		
Other Funds	\$125,000	\$125,000
<b>Total Funds</b>	<b>\$125,000</b>	<b>\$125,000</b>
Positions	0	0
FTE	0.00	0.00
<b>Total Fiscal Impact</b>	<b>\$1,561,497</b>	<b>\$1,706,031</b>
<b>Total Positions</b>	<b>6</b>	<b>6</b>
<b>Total FTE</b>	<b>3.65</b>	<b>4.00</b>

**Analysis:**

HB 3157 - 5 establishes the Health Insurance Mandate Review Advisory Committee, appointed by the President of the Senate and the Speaker of the House of Representatives. The committee is to develop a process to review and produce a report that assesses certain topics, for proposed legislative measures, legislative concepts, and amendments that mandate health insurance coverage. Reports may be used in lieu of a fiscal impact statement. The Legislative Policy and Research Office (LPRO) is to collaborate with the Department of Consumer and Business Services (DCBS) to collect data needed to analyze various factors in order to inform the advisory committee's findings. Reports are to be produced by January 15 for proposed measures during the legislative interim; and no later than two weeks from receipt for a measure or amendment proposed during a legislative session. LPRO and the Legislative Fiscal Office (LFO) are to provide staff support to the advisory committee. The measure takes effect on the 91st day after the Legislature adjourns sine die.

**Legislative Policy and Research Office**

LPRO anticipates costs totaling \$873,299 General Fund in the 2023-25 biennium, and \$965,502 General Fund in the 2025-27 biennium. Known costs from this measure include hiring four new positions, at an estimated cost of \$846,299 for personal services in the 2023-25 biennium, and \$938,502 for personal services in the 2025-27 biennium; plus an estimated \$27,000 for position-related services and supplies each biennium.

LPRO also notes an indeterminate cost related to contracting for preparation of actuarial analyses; LPRO estimates these costs at \$150,000-\$200,000 per year, but notes that further research on these costs is required. The table above includes a placeholder amount of \$200,000 per biennium, based on the fact that most legislation will be considered during the long session in odd-numbered years.

The estimates above also do not include a data system to monitor and report on health care expenditures for each individual mandate. LPRO could have additional costs if tracking and reporting on total health care expenditures necessary to assess the cumulative effect of insurance mandates enacted by a legislature, which would require additional support.

The agency anticipates the committee will need to meet at least two to three times a week during the legislative session, and less frequently during the interim, which will require additional staff time during session. In total the agency would have 2.33 FTE in the 2023-25 biennium and 2.50 FTE in the 2025-27 biennium, with staff time flexed as follows:

- One full-time Senior Legislative Analyst to coordinate the committee and draft reports.
- One Research Analyst to perform medical literature reviews and review actuarial analyses, as well as other research as needed (0.50 FTE in the interim, 1.00 FTE during session).
- One part-time Committee Assistant to provide administrative support to the committee (0.50 FTE in the interim, 1.00 FTE during session).
- One Senior Legislative Analyst to support the work of the committee during session (0.50 FTE during session only).

LPRO notes that this level of staffing is required given the estimated time to conduct a mandated review (estimated at 60 days), uncertainty about the number of amendments that might be considered, and the volume of research needed for each measure, which includes conducting comprehensive medical literature reviews, evaluating evidence-based health care guidelines, accessing administrative claims data when possible, and working with chief sponsors of each bill.

As part of this analysis, LPRO identified nine bills introduced during the 2021 session involving insurance mandates, along with amendments that create mandates that are not included in the total. Depending on the number of measures submitted to the Advisory Committee, LPRO may need to return to the Legislative Assembly or Emergency Board for additional resources.

### Department of Consumer and Business Services

DCBS anticipates costs of \$213,945 General Fund in the 2023-25 biennium, and \$248,682 General Fund in the 2025-27 biennium. The agency would hire one permanent, full-time Operations and Policy Analyst 3 to analyze the impact of proposed health mandates and provide actuarial support. Additional analysis is needed to determine the appropriate FTE level for this position given that some of the work of this position may overlap with the work performed by LPRO; and taking into account the seasonality of the work. This fiscal impact statement includes the position at 0.88 FTE in the 2023-25 biennium and 1.00 FTE in the 2025-27 biennium.

### Legislative Fiscal Office

LFO anticipates costs totaling \$149,253 General Fund in the 2023-25 biennium, and \$166,847 General Fund in the 2025-27 biennium; this includes \$144,153 in the 2023-25 biennium and \$164,747 in the 2025-27 biennium for personal services, with the remainder to position-related services and supplies costs.

The agency would hire one permanent, part-time Senior Legislative Fiscal Analyst (0.44 FTE in 2023-25, 0.50 FTE in 2025-27) to staff the committee and coordinate with LPRO to analyze measures and prepare reports. This assumes that LFO will be responsible for analyzing financial effects of a measure, with reports jointly prepared by LFO and LPRO.

Depending on the number of measures submitted to the Advisory Committee, LFO may need to return to the Legislative Assembly or Emergency Board for additional resources.

### Oregon Health Authority

The Oregon Health Authority (OHA) would have estimated costs of \$125,000 Other Funds each biennium. This is for increased consulting costs to provide information to the committee, and could vary based on the amount of information requested and number of measures considered. This amount assumes that consultants for the Public Employees' Benefit Board (PEBB) and the Oregon Educators Benefit Board (OEBB), which are housed in OHA, are asked for input on 25 measures and amendments, with an average of five hours needed per measure at an hourly rate of \$500, resulting in \$2,500 per measure.

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.

Depending on the volume of work created by OHA's participation on the Advisory Committee, OHA may need additional funding to hire temporary or limited duration staff to backfill for Health Evidence Review Commission and PEBB/OEBB staff serving on the committee.

### Other entities

There is no fiscal impact for the Legislative Assembly, Legislative Administration, and Oregon Health and Science University.