

SB 847 -1 STAFF MEASURE SUMMARY

Senate Committee On Labor and Business

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Meeting Dates: 3/6, 3/11

WHAT THE MEASURE DOES:

The measure changes the calculation of the Retirement Health Insurance Account subsidy under the Public Employees Retirement System to an amount equal to 100 percent of the five-year average of monthly cost of coverage among all carriers contracted by the Public Employees Retirement Board (board), or the actual total monthly cost of coverage to an eligible retired member, whichever is less. The measure directs the board to adopt rules establishing the frequency that this subsidy is adjusted. The measure makes members of the Oregon Public Service Retirement Plan eligible to receive the Retiree Health Insurance Premium Account subsidy and the Retirement Health Insurance Account subsidy.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

- The Retiree Health Insurance Premium Account subsidy currently only applies to Tier one and Tier Two State of Oregon employees
- Impact on employer contribution rates
- Declining enrollment in the PERS Health Insurance Program
- Budget note report from House Bill 5033 (2023)

EFFECT OF AMENDMENT:

-1 The amendment changes the calculation of the Retirement Health Insurance account subsidy under the Public Employees Retirement System to an amount equal to \$100 or the total monthly cost of the coverage, whichever is less.

FISCAL: May have fiscal impact, but no statement yet issued

REVENUE: No revenue impact

BACKGROUND:

The Public Employees Retirement System (PERS) provides retirement benefits for state agencies and approximately 900 units of local government. PERS is overseen by a five-member board that appoints an executive director to manage the agency's daily operations, including the management of benefits for more than 393,000 active, inactive, and retired members and beneficiaries. PERS members are in one of three plans, depending on when they first became a member. The three plans are: Tier One, Tier Two, and the Oregon Public Service Retirement Plan (OPSRP).

PERS serves as a group sponsor for the PERS Health Insurance Program (PHIP), which provides health insurance services to retired members and dependents. PERS currently utilizes a third-party administrator to provide insurance services to members. PHIP is comprised of three statutorily mandated programs: the Retiree Health Insurance Account (RHIA), the Retiree Health Insurance Premium Account (RHIPA), and the Standard Retiree Health Insurance Account (SRHIA). The SRHIA collects premiums from members and pays the health insurance carriers. In contract, employers pay contributions for the RHIA and RHIPA subsidy programs separate from their pension employer contributions. The RHIA subsidy program currently provides Tier One and Teir Two Medicare

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eligible retirees with a subsidy for their monthly premiums. This amount is currently capped at \$60 per month and has not been changed since 1988. The RHIPA subsidy program currently provides Tier One and Tier Two members who were State of Oregon employees and not Medicare eligible with a premium subsidy based on their years of service with the State of Oregon.

Senate Bill 847 changes the calculation of the Retirement Health Insurance Account subsidy under the Public Employees Retirement System to an amount equal to 100 percent of the five-year average of monthly cost of coverage among all carriers contracted by the Public Employees Retirement Board (board), or the actual total monthly cost of coverage to an eligible retired member, whichever is less. SB 847 also members of the Oregon Public Service Retirement Plan eligible to receive the Retiree Health Insurance Premium Account subsidy and the Retirement Health Insurance Account subsidy.