

Secretary of State
STATEMENT OF NEED AND FISCAL IMPACT
A Notice of Proposed Rulemaking Hearing accompanies this form.

FILED
5-12-16 2:44 PM
ARCHIVES DIVISION
SECRETARY OF STATE

Oregon Health Authority, Oregon Educators Benefit Board
Agency and Division

111
Administrative Rules Chapter Number

Amend rule language to include an opt-out surcharge

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of:

111-040-0050

Statutory Authority:

ORS 243.860 to 243.886

Other Authority:

Statutes Implemented:

ORS 243.864(1)(a)

Need for the Rule(s):

This proposed rule change adds language relating to the assessment of a monthly surcharge to Entities who provide a cash incentive to members for opting out of medical coverage. The surcharge is \$100 per month per benefit eligible employee who is electing to opt-out of their employer sponsored medical coverage. The effective date for this rule amendment is October 1, 2016.

Documents Relied Upon, and where they are available:

ORS 243.860 to 243.886, available online or by request of the Oregon Educators Benefit Board staff. OEBC Board Public Meeting minutes from April 26, 2016 are available online at <http://www.oregon.gov/oha/OEBC/Pages/OEBC-Board-Meetings.aspx>

Medical Opt-out and Waive trend (part of open enrollment results presentation at the December 1, 2015 OEBC Board meeting)
<http://www.oregon.gov/oha/OEBC/MeetingDocuments/OEBC%20Board%20Attachment%2020%202012-1-2015.pdf>

Fiscal and Economic Impact:

This proposed rule change will help OEBC offset the medical premium increases that are due to the number of opt-outs that we currently have. The percentage of opt-outs has grown from 4 percent in 2008 to 9 percent in 2015. In March 2013, Willis Towers Watson, OEBC's actuarial consulting firm, estimated the increase in opt-outs and waives had increased OEBC premium rates by 1.5 percent.

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

Currently, 193 of the 250 entities receiving benefits through OEBC will be impacted by this proposed rule change, as they have members in the MyOEBC benefit management system who opt out of medical coverage. The monthly surcharge may reduce the amount accrued by the entity when an employee elects to opt-out of medical coverage and receives a portion of the contribution.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small business and types of businesses and industries with small businesses subject to the rule:
Not applicable. There are no OEBC entities that can be considered a small business in Oregon.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:
Not applicable. There are no OEBC entities that can be considered a small business in Oregon.

c. Equipment, supplies, labor and increased administration required for compliance:
Not applicable. There are no OEBC entities that can be considered a small business in Oregon.

How were small businesses involved in the development of this rule?

Since small businesses are not impacted by the proposed rule changes, none were invited to participate in the development of this proposed rule.

Administrative Rule Advisory Committee consulted?: Yes

If not, why?:

06-30-2016 5:00 p.m.	April Kelly	april.kelly@oregon.gov
Last Day (m/d/yyyy) and Time for public comment	Printed Name	Email Address