State Measure # 101

Approves temporary assessments to fund health care for low-income individuals and families, and to stabilize health insurance premiums. Temporary assessments on insurance companies, some hospitals, and other providers of insurance or health care coverage. Insurers may not increase rates on health insurance premiums by more than 1.5 percent as a result of these assessments

Result of "Yes" Vote: “Yes" vote approves temporary assessments on insurance companies, some hospitals, the Public Employees' Benefit Board, and managed care organizations. Assessments provide funding for health care for low-income individuals and families, and individuals with disabilities; also stabilize premiums charged by insurance companies for health insurance purchased by individuals and families. Insurance companies may not increase rates on health insurance premiums by more than 1.5 percent as a result of the assessments. Hospital assessments may not begin without approval by a federal agency.

Result of "No" Vote: “No" vote rejects temporary assessments on insurance companies, the Public Employees' Benefit Board, and managed care organizations; and either rejects or delays temporary assessments on some hospitals. Assessments rejected (or delayed) by a “no" vote are currently budgeted to fund health care for low-income individuals and families and individuals with disabilities and for stabilizing the costs of insurance premiums. As a result, a "no" vote would underfund these budgeted costs.

Summary: This measure asks voters to approve or reject temporary assessments created as part of House Bill 2391, enacted by the 2017 Oregon Legislature to address certain health care funding issues. The House Bill provided funding to pay costs for providing health care to low income adults, children, families, and individuals with disabilities, and to stabilize premiums charged by insurance companies for health insurance purchased by individuals and families. The House Bill provided the funding through 1.5 percent assessments on premiums and premium equivalents (defined in the House Bill) of health insurance companies, the Public Employees' Benefit Board, and managed care organizations for a two-year period, and additional 0.7 percent assessments on the net revenue of some hospitals that begins on October 6, 2017, and ends on July 1, 2019. This measure asks voters to approve or reject the assessments on insurance companies, the Public Employees' Benefit Board, and managed care organizations, and specifies that insurance companies may not increase rates on health insurance premiums by more than 1.5 percent as a result of these assessments. If this measure passes, the assessments on some hospitals will be approved, subject to approval by a federal agency. If the measure does not pass, the assessments on some hospitals will either be rejected, or delayed until approved by a federal agency.

Estimate of Financial Impact: Revenue from this measure is included in the 2017-19 state budget to pay for health care for low-income adults, children and families and individuals with disabilities and to stabilize health insurance premiums paid by individuals and families.

Revenue will come from a 0.7% assessment on certain hospitals, as well as a 1.5% assessment on the Public Employees Benefit Board, managed care organizations, and insurers. Insurers may not increase rates for consumers by more than 1.5% to recover this assessment.

If the measure passes, the health care program and health insurance premiums stabilization program are funded as adopted by the 2017 Legislative Assembly.

If the measure is defeated there will be a reduction of $210-$320 million in state revenue, resulting in a possible reduction of $630-$960 million, or more in federal Medicaid matching funds. The total revenue reduction to the 2017-19 state budget may be $840 million-$1.3 billion or more.

Although there is no direct financial effect on local government revenues, there may be an indeterminate effect on local government expenditures related to increases in associated insurance assessments. There is likely to be an indirect and indeterminate effect on the state economy and local government revenues and expenditures.