

(To Resolve Conflicts)

## B-Engrossed House Bill 2062

Ordered by the Senate July 18  
Including House Amendments dated February 9 and Senate Amendments  
dated July 18 to resolve conflicts

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Governor Theodore R. Kulongoski for Insurance Pool Governing Board)

### SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Modifies requirements for small employers that obtain health benefit plans from Insurance Pool Governing Board. Imposes temporary assessment on carriers selling health benefit plans to small employers.

Declares emergency, effective July 1, 2005.

### A BILL FOR AN ACT

1  
2 Relating to health benefit plans; creating new provisions; amending ORS 291.055, 735.700, 735.710,  
3 735.720, 735.722, 735.724 and 735.738 and section 9, chapter 742, Oregon Laws 2003; repealing  
4 section 5, chapter 262, Oregon Laws 2005 (Enrolled House Bill 2064); and declaring an emer-  
5 gency.

6 **Be It Enacted by the People of the State of Oregon:**

7 **SECTION 1.** ORS 735.700 is amended to read:

8 735.700. As used in ORS 735.700 to [735.740] **735.714**, unless the context requires otherwise:

9 [(1) "Board" means the Insurance Pool Governing Board established under ORS 735.704.]

10 [(2)] (1) "Carrier" means an insurance company or health care service contractor holding a valid  
11 certificate of authority from the Director of the Department of Consumer and Business Services, or  
12 two or more companies or contractors acting together pursuant to a joint venture, partnership or  
13 other joint means of operation.

14 [(3)] (2) "Class of employee" means an employee classed as either management or nonmanage-  
15 ment employee.

16 [(4)] (3) "Eligible employee" means an employee of an employer who is employed by the em-  
17 ployer for an average of at least 17.5 hours per week, sole proprietors, business partners, and limited  
18 partners. The term does not include individuals:

19 (a) Engaged as independent contractors.

20 (b) Whose periods of employment are on an intermittent or irregular basis.

21 (c) **Who have been employed by the employer for a period of time established by the**  
22 **employer or for fewer than 90 days, whichever is less.**

23 [(5)] (4) "Family member" means an eligible employee's spouse, any unmarried child or stepchild  
24 within age limits and other conditions imposed by the **Insurance Pool Governing** Board with re-  
25 gard to unmarried children or stepchildren, or any other dependents eligible under the terms of the

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.  
New sections are in **boldfaced** type.

1 health benefit plan selected by the employee's employer.

2 [(6)] (5) "Health benefit plan" means a contract for group medical, surgical, hospital or any  
3 other remedial care recognized by state law and related services and supplies.

4 [(7)] (6) "Premium" means the monthly or other periodic charge for a health benefit plan.

5 (7) "Small employer" means a person, firm, corporation, partnership or association ac-  
6 tively engaged in business that, on at least 50 percent of its working days during the pre-  
7 ceding year, employed no more than 50 eligible employees and no fewer than two eligible  
8 employees, the majority of whom are employed within this state, and in which a bona fide  
9 partnership or employer-employee relationship exists. "Small employer" includes corpo-  
10 rations that are eligible to file a consolidated tax return pursuant to ORS 317.715.

11 **SECTION 2.** ORS 735.700, as amended by section 6, chapter 742, Oregon Laws 2003, is amended  
12 to read:

13 735.700. As used in ORS 735.700 to [735.740] **735.714**, unless the context requires otherwise:

14 [(1) "Board" means the Insurance Pool Governing Board established under ORS 735.704.]

15 [(2)] (1) "Carrier" means an insurance company or health care service contractor holding a valid  
16 certificate of authority from the Director of the Department of Consumer and Business Services, or  
17 two or more companies or contractors acting together pursuant to a joint venture, partnership or  
18 other joint means of operation.

19 [(3)] (2) "Class of employee" means an employee classed as either management or nonmanage-  
20 ment employee.

21 [(4)] (3) "Eligible employee" means an employee of an employer who is employed by the em-  
22 ployer for an average of at least 17.5 hours per week who elects to participate in one of the group  
23 benefit plans provided through **Insurance Pool Governing** Board action, and sole proprietors,  
24 business partners, and limited partners. The term does not include individuals:

25 (a) Engaged as independent contractors.

26 (b) Whose periods of employment are on an intermittent or irregular basis.

27 [(c) Who have been employed by the employer for fewer than 90 days.]

28 (c) **Who have been employed by the employer for a period of time established by the**  
29 **employer or for fewer than 90 days, whichever is less.**

30 [(5)] (4) "Family member" means an eligible employee's spouse, [and] any unmarried child or  
31 stepchild within age limits and other conditions imposed by the board with regard to unmarried  
32 children or stepchildren, **or any other dependents eligible under the terms of the health benefit**  
33 **plan selected by the employee's employer.**

34 [(6)] (5) "Health benefit plan" means a contract for group medical, surgical, hospital or any  
35 other remedial care recognized by state law and related services and supplies.

36 [(7)] (6) "Premium" means the monthly or other periodic charge for a health benefit plan.

37 (7) "Small employer" means a person, firm, corporation, partnership or association ac-  
38 tively engaged in business that, on at least 50 percent of its working days during the pre-  
39 ceding year, employed no more than 50 eligible employees and no fewer than two eligible  
40 employees, the majority of whom are employed within this state, and in which a bona fide  
41 partnership or employer-employee relationship exists. "Small employer" includes corpo-  
42 rations that are eligible to file a consolidated tax return pursuant to ORS 317.715.

43 **SECTION 3.** ORS 735.710 is amended to read:

44 735.710. (1) In carrying out its duties under ORS 735.700 to **735.714** and **735.720** to 735.740, the  
45 Insurance Pool Governing Board may:

1 (a) Enter into contracts for administration of ORS 735.700 to **735.714 and 735.720 to** 735.740  
2 including collection of premiums and paying carriers.

3 (b) Retain consultants and employ staff.

4 (c) Enter into contracts with carriers or health care providers for health benefit plans.

5 (d) Set premium rates for eligible employees and small employers.

6 (e) Perform other duties to provide low-cost health benefit plans of types likely to be purchased  
7 by small employers.

8 (f) Establish contributions to be paid by small employers toward the premiums incurred on be-  
9 half of covered eligible employees.

10 (2) Notwithstanding any other health benefit plan contracted for and offered by the board, the  
11 board shall contract for a health benefit plan or plans best designed to meet the needs and provide  
12 for the welfare of eligible employees and small employers.

13 (3) The board may approve more than one carrier for each type of plan contracted for and of-  
14 fered, but the number of carriers shall be held to a number consistent with adequate service to eli-  
15 gible employees and family members.

16 (4) Where appropriate for a contracted and offered health benefit plan, the board shall provide  
17 options under which an eligible employee may arrange coverage for family members of the employee.

18 (5) In developing any health benefit plan, the board may provide an option of additional cover-  
19 age for eligible employees and family members at an additional cost or premium.

20 (6) Transfer of enrollment from one health benefit plan to another shall be open to all eligible  
21 employees and family members under rules adopted by the board.

22 (7) If the board requests less health care service or benefit than is otherwise required by state  
23 law, a carrier is not required to offer such service or benefit.

24 (8) The board may contract for and offer health benefit plans for small employers that provide  
25 a sufficient level of benefits to be eligible for a subsidy under ORS 735.724 as well as health benefit  
26 plans for small employers that are not eligible for a subsidy under ORS 735.724.

27 (9) The board may employ whatever means are reasonably necessary to carry out the purposes  
28 of ORS 735.700 to **735.714 and 735.720 to** 735.740. Such authority includes but is not limited to au-  
29 thority to seek clarification, amendment, modification, suspension or termination of any agreement  
30 or contract which in the board's judgment requires such action.

31 **SECTION 4.** ORS 735.710, as amended by section 8, chapter 742, Oregon Laws 2003, is amended  
32 to read:

33 735.710. (1) In carrying out its duties under ORS 735.700 to **735.714 and 735.720 to** 735.740, the  
34 Insurance Pool Governing Board shall:

35 (a) Enter into contracts for administration of ORS 735.700 to **735.714 and 735.720 to** 735.740  
36 including collection of premiums and paying carriers.

37 (b) Retain consultants and employ staff.

38 (c) Enter into contracts with carriers or health care providers for health benefit plans, including  
39 contracts where final payment may be reduced if usage is below a level fixed in the contract.

40 (d) Set premium rates for eligible employees and small employers.

41 (e) Perform other duties to provide low-cost health benefit plans of types likely to be purchased  
42 by small employers.

43 (f) Establish contributions to be paid by small employers toward the premiums incurred on be-  
44 half of covered eligible employees.

45 (2) Notwithstanding any other health benefit plan contracted for and offered by the board, the

1 board shall contract for a health benefit plan or plans best designed to meet the needs and provide  
2 for the welfare of eligible employees and small employers.

3 (3) The board may approve more than one carrier for each type of plan contracted for and of-  
4 fered, but the number of carriers shall be held to a number consistent with adequate service to eli-  
5 gible employees and family members.

6 (4) Where appropriate for a contracted and offered health benefit plan, the board shall provide  
7 options under which an eligible employee may arrange coverage for family members of the employee.

8 (5) In developing any health benefit plan, the board may provide an option of additional cover-  
9 age for eligible employees and family members at an additional cost or premium.

10 (6) Transfer of enrollment from one health benefit plan to another shall be open to all eligible  
11 employees and family members under rules adopted by the board.

12 (7) If the board requests less health care service or benefit than is otherwise required by state  
13 law, a carrier is not required to offer such service or benefit.

14 (8) Health benefit plans for small employers contracted for and offered by the board must pro-  
15 vide a sufficient level of benefits to be eligible for a subsidy under ORS 735.724.

16 (9) The board may employ whatever means are reasonably necessary to carry out the purposes  
17 of ORS 735.700 to **735.714 and 735.720 to 735.740**. Such authority includes but is not limited to au-  
18 thority to seek clarification, amendment, modification, suspension or termination of any agreement  
19 or contract which in the board's judgment requires such action.

20 **SECTION 5.** ORS 735.720 is amended to read:

21 735.720. For purposes of ORS 735.720 to 735.740:

22 (1) **"Carrier" has the meaning given that term in ORS 735.700.**

23 [(1)] (2) "Eligible individual" means an individual who:

24 (a) Is a resident of the State of Oregon;

25 (b) Is not eligible for Medicare;

26 (c) Either has been without health benefit plan coverage for a period of time established by the  
27 Insurance Pool Governing Board, or meets exception criteria established by the board;

28 (d) Except as otherwise provided by the board, has family income less than 200 percent of the  
29 federal poverty level;

30 (e) Has investments and savings less than the limit established by the board; and

31 (f) Meets other eligibility criteria established by the board.

32 [(2)] (3) "Family" means:

33 (a) A single individual;

34 (b) An adult and the adult's spouse;

35 (c) An adult and the adult's spouse, all unmarried, dependent children under 23 years of age,  
36 including adopted children, children placed for adoption and children under the legal guardianship  
37 of the adult or the adult's spouse, and all dependent children of a dependent child; or

38 (d) An adult and the adult's unmarried, dependent children under 23 years of age, including  
39 adopted children, children placed for adoption and children under the legal guardianship of the  
40 adult, and all dependent children of a dependent child.

41 [(3)(a)] (4)(a) "Health benefit plan" means a policy or certificate of group or individual health  
42 insurance, as defined in ORS 731.162, providing payment or reimbursement for hospital, medical and  
43 surgical expenses. "Health benefit plan" includes a [*medical savings account,*] health care service  
44 contractor or health maintenance organization subscriber contract, the Oregon Medical Insurance  
45 Pool and any plan provided by a less than fully insured multiple employer welfare arrangement or

1 by another benefit arrangement defined in the federal Employee Retirement Income Security Act of  
2 1974, as amended.

3 (b) "Health benefit plan" does not include coverage for accident only, specific disease or condi-  
4 tion only, credit, disability income, coverage of Medicare services pursuant to contracts with the  
5 federal government, Medicare supplement insurance, student accident and health insurance, long  
6 term care insurance, hospital indemnity only, dental only, vision only, coverage issued as a supple-  
7 ment to liability insurance, insurance arising out of a workers' compensation or similar law, auto-  
8 mobile medical payment insurance, insurance under which the benefits are payable with or without  
9 regard to fault and that is legally required to be contained in any liability insurance policy or  
10 equivalent self-insurance or coverage obtained or provided in another state but not available in  
11 Oregon.

12 [(4)] (5) "Income" means gross income in cash or kind available to the applicant or [recipient.]  
13 **the applicant's family. Income does not include earned income of the applicant's children**  
14 **or income earned by a spouse if there is a legal separation.**

15 [(5)] (6) "Investment and savings" means cash, securities as defined in ORS 59.015, negotiable  
16 instruments as defined in ORS 73.0104 and such similar investments or savings as the board may  
17 establish that are available to the applicant or recipient to contribute toward meeting the needs of  
18 an applicant or eligible individual.

19 [(6)] (7) "Medicaid" means medical assistance provided under 42 U.S.C. section 1396a (section  
20 1902 of the Social Security Act).

21 [(7) "*Medical savings account*" means a trust that is created exclusively for the purpose of paying  
22 *qualified medical expenses of the account holder and that qualifies for tax deduction under section 220*  
23 *of the Internal Revenue Code. "Medical savings account" includes an associated high deductible health*  
24 *benefit plan.*]

25 (8) "Resident" means an individual who [*demonstrates to the Insurance Pool Governing Board*  
26 *that the individual is lawfully residing in Oregon and intends to reside in Oregon*] **meets the resi-**  
27 **dency requirements established by rule by the Insurance Pool Governing Board.**

28 (9) "Subsidy" means payment or reimbursement to an eligible individual toward the purchase  
29 of a health benefit plan, and may include a net billing arrangement with [*insurance*] carriers or a  
30 prospective or retrospective payment for health benefit plan premiums and eligible copayments or  
31 deductible expenses directly related to the eligible individual.

32 (10) "Third-party administrator" means any insurance company or other entity licensed under  
33 the Insurance Code to administer health insurance benefit programs.

34 **SECTION 5a. If House Bill 2064 becomes law, section 5, chapter 262, Oregon Laws 2005**  
35 **(Enrolled House Bill 2064) (amending ORS 735.720), is repealed and ORS 735.720, as amended**  
36 **by section 5 of this 2005 Act, is amended to read:**

37 735.720. For purposes of ORS 735.720 to 735.740:

38 (1) "Carrier" has the meaning given that term in ORS 735.700.

39 (2) "Eligible individual" means an individual who:

40 (a) Is a resident of the State of Oregon;

41 (b) Is not eligible for Medicare;

42 (c) Either has been without health benefit plan coverage for a period of time established by the  
43 Insurance Pool Governing Board, or meets exception criteria established by the board;

44 (d) Except as otherwise provided by the board, has family income less than 200 percent of the  
45 federal poverty level;

1 (e) Has investments and savings less than the limit established by the board; and

2 (f) Meets other eligibility criteria established by the board.

3 (3)(a) “Family” means:

4 [(a)] (A) A single individual;

5 [(b)] (B) An adult and the adult’s spouse;

6 [(c)] (C) An adult and the adult’s spouse, all unmarried, dependent children under 23 years of  
7 age, including adopted children, children placed for adoption and children under the legal  
8 guardianship of the adult or the adult’s spouse, and all dependent children of a dependent child; or

9 [(d)] (D) An adult and the adult’s unmarried, dependent children under 23 years of age, including  
10 adopted children, children placed for adoption and children under the legal guardianship of the  
11 adult, and all dependent children of a dependent child.

12 **(b) A family includes a dependent elderly relative or a dependent adult disabled child who**  
13 **meets the criteria established by the board and who lives in the home of the adult described**  
14 **in paragraph (a) of this subsection.**

15 (4)(a) “Health benefit plan” means a policy or certificate of group or individual health insurance,  
16 as defined in ORS 731.162, providing payment or reimbursement for hospital, medical and surgical  
17 expenses. “Health benefit plan” includes a health care service contractor or health maintenance  
18 organization subscriber contract, the Oregon Medical Insurance Pool and any plan provided by a  
19 less than fully insured multiple employer welfare arrangement or by another benefit arrangement  
20 defined in the federal Employee Retirement Income Security Act of 1974, as amended.

21 (b) “Health benefit plan” does not include coverage for accident only, specific disease or condi-  
22 tion only, credit, disability income, coverage of Medicare services pursuant to contracts with the  
23 federal government, Medicare supplement insurance, student accident and health insurance, long  
24 term care insurance, hospital indemnity only, dental only, vision only, coverage issued as a supple-  
25 ment to liability insurance, insurance arising out of a workers’ compensation or similar law, auto-  
26 mobile medical payment insurance, insurance under which the benefits are payable with or without  
27 regard to fault and that is legally required to be contained in any liability insurance policy or  
28 equivalent self-insurance or coverage obtained or provided in another state but not available in  
29 Oregon.

30 (5) “Income” means gross income in cash or kind available to the applicant or the applicant’s  
31 family. Income does not include earned income of the applicant’s children or income earned by a  
32 spouse if there is a legal separation.

33 (6) “Investment and savings” means cash, securities as defined in ORS 59.015, negotiable in-  
34 struments as defined in ORS 73.0104 and such similar investments or savings as the board may es-  
35 tablish that are available to the applicant or [recipient] **the applicant’s family** to contribute toward  
36 meeting the needs of an applicant or eligible individual.

37 (7) “Medicaid” means medical assistance provided under 42 U.S.C. section 1396a (section 1902  
38 of the Social Security Act).

39 (8) “Resident” means an individual who meets the residency requirements established by rule  
40 by the Insurance Pool Governing Board.

41 (9) “Subsidy” means payment or reimbursement to an eligible individual toward the purchase  
42 of a health benefit plan, and may include a net billing arrangement with carriers or a prospective  
43 or retrospective payment for health benefit plan premiums and eligible copayments or deductible  
44 expenses directly related to the eligible individual.

45 (10) “Third-party administrator” means any insurance company or other entity licensed under

1 the Insurance Code to administer health insurance benefit programs.

2 **SECTION 5b. The amendments to ORS 735.720 by section 5a of this 2005 Act become op-**  
3 **erative on January 1, 2006.**

4 **SECTION 6.** ORS 735.722 is amended to read:

5 735.722. (1) There is established the Family Health Insurance Assistance Program in the Insur-  
6 ance Pool Governing Board. The purpose of the program is to remove economic barriers to health  
7 insurance coverage for residents of the State of Oregon with family income less than 200 percent  
8 of the federal poverty level, and investment and savings less than the limit established by the board,  
9 while encouraging individual responsibility, promoting health benefit plan coverage of children,  
10 building on the private sector health benefit plan system and encouraging employer and employee  
11 participation in employer sponsored health benefit plan coverage.

12 (2) The Insurance Pool Governing Board shall be responsible for the implementation and oper-  
13 ation of the Family Health Insurance Assistance Program. The Administrator of the Office for  
14 Oregon Health Policy and Research, in consultation with the Oregon Health Policy Commission,  
15 shall make recommendations to the board regarding program policy, including but not limited to  
16 eligibility requirements, assistance levels, benefit criteria and [insurance] carrier participation. [*The*  
17 *board shall adopt all policy recommendations made by the Administrator of the Office for Oregon*  
18 *Health Policy and Research pursuant to this subsection.*]

19 (3) The board may contract with one or more third-party administrators to administer one or  
20 more components of the Family Health Insurance Assistance Program. Duties of a third-party ad-  
21 ministrator may include but are not limited to:

- 22 (a) Eligibility determination;
- 23 (b) Data collection;
- 24 (c) Assistance payments;
- 25 (d) Financial tracking and reporting; and
- 26 (e) Such other services as the board may deem necessary for the administration of the program.

27 (4) If the board decides to enter into a contract with a third-party administrator pursuant to  
28 subsection (3) of this section, the board shall engage in competitive bidding. The board shall evalu-  
29 ate bids according to criteria established by the board, including but not limited to:

- 30 (a) The [applicant's] **bidder's** proven ability to administer a program of the size of the Family  
31 Health Insurance Assistance Program;
- 32 (b) The efficiency of the [applicant's] **bidder's** payment procedures;
- 33 (c) The estimate provided of the total charges necessary to administer the program; and
- 34 (d) The [applicant's] **bidder's** ability to operate the program in a cost-effective manner.

35 **SECTION 7.** ORS 735.724 is amended to read:

36 735.724. (1) To enroll in the Family Health Insurance Assistance Program established in ORS  
37 735.720 to 735.740, an applicant shall submit a written application to the Insurance Pool Governing  
38 Board or to the third-party administrator contracted by the board to administer the program pur-  
39 suant to ORS 735.722 in the form and manner prescribed by the board. Except as provided in ORS  
40 735.728, if the applicant qualifies as an eligible individual, the applicant shall either be enrolled in  
41 the program or placed on a waiting list for enrollment.

42 (2) After an eligible individual has enrolled in the program, the individual shall remain eligible  
43 for enrollment for the period of time established by the board.

44 (3) After an eligible individual has enrolled in the program, the board or third-party adminis-  
45 trator shall issue subsidies in an amount determined pursuant to ORS 735.726 to either the eligible

1 individual or to the [health insurance] carrier designated by the eligible individual, subject to the  
2 following restrictions:

3 (a) Subsidies may not be issued to an eligible individual unless all children, if any, in the eligible  
4 individual's family are covered under a health benefit plan or Medicaid.

5 (b) Subsidies may not be used to subsidize premiums on a health benefit plan whose premiums  
6 are wholly paid by the eligible individual's employer without contribution from the employee.

7 (c) Such other restrictions as the board may adopt.

8 (4) The board may issue subsidies to an eligible individual in advance of a purchase of a health  
9 benefit plan.

10 (5) To remain eligible for a subsidy, an eligible individual must enroll in a group health benefit  
11 plan if a plan is available to the eligible individual through the individual's employment and the  
12 employer makes a monetary contribution toward the cost of the plan, unless the board implements  
13 specific cost or benefit structure criteria that make enrollment in an individual health insurance  
14 plan more advantageous for the eligible individual.

15 (6) Notwithstanding ORS 735.720 [(3)(b)] (4)(b), if an eligible individual is enrolled in a group  
16 health benefit plan available to the eligible individual through the individual's employment and the  
17 employer requires enrollment in both a health benefit plan and a dental plan, the individual is eli-  
18 gible for a subsidy for both the health benefit plan and the dental plan.

19 **SECTION 8.** ORS 735.738 is amended to read:

20 735.738. The Administrator of the Office for Oregon Health Policy and Research shall report  
21 biennially to the appropriate interim human resources committee and to the Legislative Assembly  
22 on the effectiveness and efficiency of the Family Health Insurance Assistance Program, including  
23 [the use of medical savings accounts,] services and benefits covered under the purchased health in-  
24 surance plans, consumer satisfaction and other program operational issues.

25 **SECTION 9.** ORS 735.700, 735.702, 735.704, 735.706, 735.708, 735.710 and 735.714 are added  
26 to and made a part of ORS 735.700 to 735.714.

27 **SECTION 10.** Sections 11 and 12 of this 2005 Act are added to and made a part of ORS  
28 735.700 to 735.714.

29 **SECTION 11.** (1) A small employer may obtain a health benefit plan offered by the In-  
30 surance Pool Governing Board only if the small employer pays a contribution established  
31 under ORS 735.710 (1)(f) toward the premium incurred on behalf of a covered eligible em-  
32 ployee.

33 (2) Notwithstanding section 2b, chapter 742, Oregon Laws 2003, the Insurance Pool Gov-  
34 erning Board may offer a health benefit plan to a small employer that contributed to a health  
35 benefit plan solely for the benefit of the employer or the employer's dependents.

36 **SECTION 12.** (1) The Insurance Pool Governing Board shall impose and collect assess-  
37 ments against carriers who have entered into contracts under ORS 735.710 (1)(c) to offer  
38 health benefit plans for small employers. The board shall apply the same assessment rate  
39 against all participating carriers.

40 (2) A carrier's assessment shall be an amount established by rule that is:

41 (a) Not greater than one percent of the earned premiums a carrier receives from selling  
42 health benefit plans to small employers under ORS 735.710 (1)(c); or

43 (b) A flat rate per small employer health benefit plan sold by a carrier to small employers  
44 under ORS 735.710 (1)(c).

45 (3) A carrier shall pay its assessment as required by the board.



1       **(4) The board shall adopt rules to implement this section.**

2       **SECTION 13. Section 12 of this 2005 Act becomes operative on March 1, 2006.**

3       **SECTION 14.** ORS 291.055 is amended to read:

4       291.055. (1) Notwithstanding any other law that grants to a state agency the authority to es-  
5       tablish fees, all new state agency fees or fee increases adopted after July 1 of any odd-numbered  
6       year:

7       (a) Are not effective for agencies in the executive department of government unless approved  
8       in writing by the Director of the Oregon Department of Administrative Services;

9       (b) Are not effective for agencies in the judicial department of government unless approved in  
10       writing by the Chief Justice of the Supreme Court;

11       (c) Are not effective for agencies in the legislative department of government unless approved  
12       in writing by the President of the Senate and the Speaker of the House of Representatives;

13       (d) Shall be reported by the state agency to the Oregon Department of Administrative Services  
14       within 10 days of their adoption; and

15       (e) Are rescinded on July 1 of the next following odd-numbered year, or on adjournment sine  
16       die of the regular session of the Legislative Assembly meeting in that year, whichever is later, un-  
17       less otherwise authorized by enabling legislation setting forth the approved fees.

18       (2) This section does not apply to:

19       (a) Any tuition or fees charged by the State Board of Higher Education and state institutions  
20       of higher education.

21       (b) Taxes or other payments made or collected from employers for unemployment insurance re-  
22       quired by ORS chapter 657 or premium assessments required by ORS 656.612 and 656.614 or contri-  
23       butions and assessments calculated by cents per hour for workers' compensation coverage required  
24       by ORS 656.506.

25       (c) Fees or payments required for:

26       (A) Health care services provided by the Oregon Health and Science University, by the Oregon  
27       Veterans' Homes and by other state agencies and institutions pursuant to ORS 179.610 to 179.770.

28       (B) Assessments and premiums paid to the Oregon Medical Insurance Pool established by ORS  
29       735.614 and 735.625.

30       (C) Copayments and premiums paid to the Oregon medical assistance program.

31       **(D) Assessments paid to the Insurance Pool Governing Board under section 12 of this**  
32       **2005 Act.**

33       (d) Fees created or authorized by statute that have no established rate or amount but are cal-  
34       culated for each separate instance for each fee payer and the fee assessed is based on actual cost  
35       of services provided.

36       (e) State agency charges on employees for benefits and services.

37       (f) Any intergovernmental charges.

38       (g) Forest protection district assessment rates established by ORS 477.210 to 477.265 and the  
39       Oregon Forest Land Protection Fund fees established by ORS 477.760.

40       (h) State Department of Energy assessments required by ORS 469.421 (8) and 469.681.

41       (i) Any charges established by the Oregon State Fair and Exposition Center in accordance with  
42       ORS 565.080 (3).

43       (j) Assessments on premiums charged by the Insurance Division of the Department of Consumer  
44       and Business Services pursuant to ORS 731.804 or fees charged by the Division of Finance and  
45       Corporate Securities of the Department of Consumer and Business Services to banks, trusts and

1 credit unions pursuant to ORS 706.530 and 723.114.

2 (k) Public Utility Commission operating assessments required by ORS 756.310 or charges paid  
3 to the Residential Service Protection Fund required by chapter 290, Oregon Laws 1987.

4 (L) Fees charged by the Housing and Community Services Department for intellectual property  
5 pursuant to ORS 456.562.

6 (3)(a) Fees temporarily decreased for competitive or promotional reasons or because of unex-  
7 pected and temporary revenue surpluses may be restored to their normal level if, at the time the fee  
8 is decreased, the state agency specifies the following:

9 (A) The reason for the fee decrease; and

10 (B) The conditions under which the fee will be restored to its normal level.

11 (b) Fees that are decreased for reasons other than those described in paragraph (a) of this sub-  
12 section may not be subsequently increased except as allowed by ORS 291.050 to 291.060 and 294.160.

13 **SECTION 15.** ORS 291.055, as amended by section 14 of this 2005 Act, is amended to read:

14 291.055. (1) Notwithstanding any other law that grants to a state agency the authority to es-  
15 tablish fees, all new state agency fees or fee increases adopted after July 1 of any odd-numbered  
16 year:

17 (a) Are not effective for agencies in the executive department of government unless approved  
18 in writing by the Director of the Oregon Department of Administrative Services;

19 (b) Are not effective for agencies in the judicial department of government unless approved in  
20 writing by the Chief Justice of the Supreme Court;

21 (c) Are not effective for agencies in the legislative department of government unless approved  
22 in writing by the President of the Senate and the Speaker of the House of Representatives;

23 (d) Shall be reported by the state agency to the Oregon Department of Administrative Services  
24 within 10 days of their adoption; and

25 (e) Are rescinded on July 1 of the next following odd-numbered year, or on adjournment sine  
26 die of the regular session of the Legislative Assembly meeting in that year, whichever is later, un-  
27 less otherwise authorized by enabling legislation setting forth the approved fees.

28 (2) This section does not apply to:

29 (a) Any tuition or fees charged by the State Board of Higher Education and state institutions  
30 of higher education.

31 (b) Taxes or other payments made or collected from employers for unemployment insurance re-  
32 quired by ORS chapter 657 or premium assessments required by ORS 656.612 and 656.614 or contri-  
33 butions and assessments calculated by cents per hour for workers' compensation coverage required  
34 by ORS 656.506.

35 (c) Fees or payments required for:

36 (A) Health care services provided by the Oregon Health and Science University, by the Oregon  
37 Veterans' Homes and by other state agencies and institutions pursuant to ORS 179.610 to 179.770.

38 (B) Assessments and premiums paid to the Oregon Medical Insurance Pool established by ORS  
39 735.614 and 735.625.

40 (C) Copayments and premiums paid to the Oregon medical assistance program.

41 *[(D) Assessments paid to the Insurance Pool Governing Board under section 12 of this 2005 Act.]*

42 (d) Fees created or authorized by statute that have no established rate or amount but are cal-  
43 culated for each separate instance for each fee payer and the fee assessed is based on actual cost  
44 of services provided.

45 (e) State agency charges on employees for benefits and services.

1 (f) Any intergovernmental charges.

2 (g) Forest protection district assessment rates established by ORS 477.210 to 477.265 and the  
3 Oregon Forest Land Protection Fund fees established by ORS 477.760.

4 (h) State Department of Energy assessments required by ORS 469.421 (8) and 469.681.

5 (i) Any charges established by the Oregon State Fair and Exposition Center in accordance with  
6 ORS 565.080 (3).

7 (j) Assessments on premiums charged by the Insurance Division of the Department of Consumer  
8 and Business Services pursuant to ORS 731.804 or fees charged by the Division of Finance and  
9 Corporate Securities of the Department of Consumer and Business Services to banks, trusts and  
10 credit unions pursuant to ORS 706.530 and 723.114.

11 (k) Public Utility Commission operating assessments required by ORS 756.310 or charges paid  
12 to the Residential Service Protection Fund required by chapter 290, Oregon Laws 1987.

13 (L) Fees charged by the Housing and Community Services Department for intellectual property  
14 pursuant to ORS 456.562.

15 (3)(a) Fees temporarily decreased for competitive or promotional reasons or because of unex-  
16 pected and temporary revenue surpluses may be restored to their normal level if, at the time the fee  
17 is decreased, the state agency specifies the following:

18 (A) The reason for the fee decrease; and

19 (B) The conditions under which the fee will be restored to its normal level.

20 (b) Fees that are decreased for reasons other than those described in paragraph (a) of this sub-  
21 section may not be subsequently increased except as allowed by ORS 291.050 to 291.060 and 294.160.

22 **SECTION 16. Sections 11 and 12 of this 2005 Act are repealed on January 2, 2008.**

23 **SECTION 17. The amendments to ORS 291.055 by section 15 of this 2005 Act become op-  
24 erative on January 2, 2008.**

25 **SECTION 18.** Section 9, chapter 742, Oregon Laws 2003, is amended to read:

26 **Sec. 9.** The amendments to ORS [735.700,] 735.702 and 735.710 by sections [6,] 7 and 8 of this  
27 2003 Act become operative on January 2, 2008.

28 **SECTION 19. This 2005 Act being necessary for the immediate preservation of the public  
29 peace, health and safety, an emergency is declared to exist, and this 2005 Act takes effect  
30 on July 1, 2005.**

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