

May 13, 2013

**Testimony in Opposition to HB 2922**  
**The “Affordable Health Care for All Oregon” Plan**  
**Before the House Committee on Health Care**  
By Steve Buckstein

Chair Greenlick and members of the Committee, my name is Steve Buckstein. I’m Senior Policy Analyst and founder of Cascade Policy Institute, a non-partisan, non-profit public policy research organization based in Portland. Our mission is to promote policies that enhance individual liberty, personal responsibility, and economic opportunity in Oregon.

I oppose HB 2922 for many reasons. I believe this bill not only will fail to achieve its goals, but actually will make our health care system worse. [I testified at length](#) about these concerns when you held hearings on the previous version of the bill in the 2011 session. You can read that testimony at your leisure online.\*

Today, I just want to respond to several statements that Governor Kitzhaber is reported to have made in the wake of a recent critical report on The Oregon Health Plan.\*\*

The Governor challenged critics of the Oregon Health Plan who pointed out that this study found little value in the Plan as far as health outcomes were concerned.

The Governor was quoted as rejecting the “...critics’ idea of taking the study as a reason to drop insurance expansion and maybe just concentrate on cheaper catastrophic coverage.” Here are his quotes:

“They will exacerbate a situation that will have people get to a catastrophic situation, and they then pay bazillion dollars for it....It makes no sense as medical policy, it makes no sense as fiscal policy, and I think it's immoral.”

In this statement Dr. Kitzhaber shows, in my opinion, a lack of understanding about the purpose of insurance as opposed to health care itself. The concept of insurance is that none of us as individuals can afford the cost of expensive, unpredictable, “catastrophic” events, and so we pool our resources to insure against those relatively rare occurrences.

On the contrary, something like 80 percent of health care interactions are for routine care. This care should not be insured against; it should be budgeted for. What Dr. Kitzhaber calls “catastrophic coverage” should be more correctly called simply insurance coverage. For those among us who cannot afford routine health care, we can help them in other ways, just as we help low-income people feed themselves with food stamps. Health Savings Accounts, and reverse Health Savings Accounts for the poor, are just one way to accomplish this.

Handled properly, people have the correct incentives to avoid getting to the “catastrophic situations” Dr. Kitzhaber fears. Even when a catastrophe occurs, people usually don’t “pay a bazillion dollars for it” as he worries, but more likely an amount that true insurance is designed to cover and at a much lower cost than what so-called comprehensive coverage costs today.

When the Governor says that “it makes no sense as medical policy,” I think he’s wrong. When he says “it makes no sense as fiscal policy,” I think he’s wrong. And when he says that he thinks catastrophic insurance is “immoral,” I suggest that it’s exactly the opposite. What’s immoral is taking away virtually any incentive for people to be concerned about their own health by shifting the entire financial burden to everyone else. This gets the incentives exactly backwards, and virtually ensures that our health care system, its costs and its outcomes, will continue to get worse.

HB 2922 gets medical policy and fiscal policy exactly backwards. In doing so, I think it represents immoral public policy. You should reject it and consider moving in the opposite direction.

Thank you.

\* Steve Buckstein, “Testimony on HB 3510 Before the House Committee on Healthcare March 11, 2011,” Cascade Policy Institute, <http://cascadepolicy.org/blog/2011/03/hb-3510-the-affordable-health-care-for-all-oregon/>

\* \* David Sarasohn, “Dr. Kitzhaber diagnoses an Oregon Medicaid study,” The Oregonian, May 11, 2013, [http://www.oregonlive.com/news/oregonian/david\\_sarasohn/index.ssf/2013/05/david\\_sarasohn\\_dr\\_kitzhaber\\_di.html](http://www.oregonlive.com/news/oregonian/david_sarasohn/index.ssf/2013/05/david_sarasohn_dr_kitzhaber_di.html)

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