

# Joint Task Force on Universal Health Care



**Task Force on Universal Health Care**

May 27, 2021

Chair Bruce Goldberg  
Vice-Chair Ed Junkins



# Public Testimony – May

## **May 27<sup>th</sup>** (two written submissions)

- Suggestions on approaches to distribute funding based on region/defined locality; community measures and mapping tools to assess social determinants of health (SDOH)
- Mid Valley Health Care Advocates recommends the Task Force engage Warren George in developing financial proposals



# Agenda

- Community Outreach
- June Meetings
- Public Comment
- Finance and Revenue TAG Proposal
- Break
- Governance TAG Proposal
- CAC Panel



# Community Outreach



**Vice Chair Junkins**

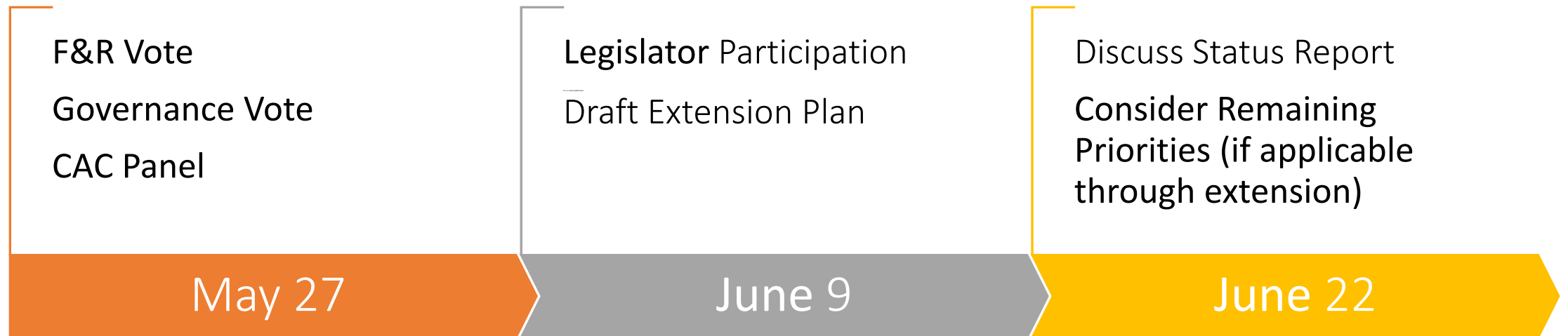


# June Meetings

**Oliver Droppers**



# Task Force Meetings May and June 2021





# June Status Report

## Purpose

- Update legislature on progress and next steps
- Solicit feedback from stakeholders

## Timeline

- June 4 – DRAFT Status Report sent to Task Force
- June 9 – Discuss Intermediate Strategies and Extension proposal
- June 11 – Deadline for high level feedback on Status Report
- June 16 – Submit document for formatting
- June 18 – Updated Status report sent to Task Force
- June 22 – Discuss final edits of full Status Report



# Legislator participation on June 9

- Highlight progress to date
  - TAG proposals ready for stakeholder feedback
- Emphasize need for extension
  - Stakeholder engagement
  - Outstanding design elements
- Discuss intermediate strategies



# Public Comment

**Revised Benefits Proposal**

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# Finance & Revenue TAG Proposal Preview

**Sarah Knipper, Finance & Revenue TAG Staff**



# TAG Process

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- TAG met 9 times between November and May
- Developed principles to guide revenue recommendations
- Based on RAND report, established minimum revenue need of \$14 bil (and up to \$20 bil or more)
- Designed revenue package based on extensive discussion and some modeling support from the Institute on Taxation and Economic Policy (ITEP)
- First draft went out to TAG on 5/7, proposal today incorporated some TAG member comments/feedback



# Constraints

Revenue proposal is based on best-available information from RAND, LPRO Basic Facts, OHA and ITEP.

The work was limited by a few key constraints:

1. Legislative authority/funding
2. Plan ambiguities (benefits/eligibility)
3. Unknowns of administrative cost savings
4. Timing



Principles guiding assessment of new revenue packages	
Progressive	Progressive = tax rate increases as the taxpayer income (ability to pay) increases. How progressive is revenue source and is there a way to make it less regressive/more progressive?
Easy to understand	Is the new revenue stream easy to understand by those having to pay it?
Stable	A financing system that can weather economic and demographic changes. No source is stable; they all change over time based on economic activity or population changes. What can be done to increase overall stability?
Permanent	As permanent as anything; not automatic sunset of a revenue stream.
Predictable	Can government officials fairly predict how much revenue will be generated?
Scalable & Adequate	If universal health care implementation is over a period of time, are revenue sources scalable to full implementation needs?
ERISA considerations	We want to avoid being vulnerable to ERISA court challenges and may want automatic triggers on other revenue streams if there's an effective ERISA challenge.
Dedicated trust fund	As opposed to pulling from the general fund, the TAG seeks a dedicated trust fund to support the Plan that is not subject to the state kicker.
Maximize federal dollars	Consider opportunities to maximize federal match dollars before turning to new revenue streams.



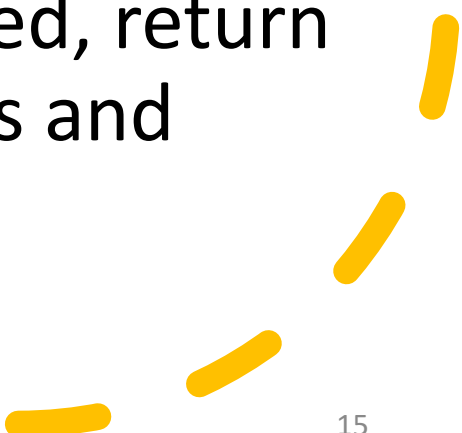
# Overview of Revenue Package + Parameters

1. Payroll Tax
  - a. Flat rate up to \$138,000 of income (FICA limit)
  - b. Higher, progressively increasing rate on income > FICA limit
  - c. Assessed on employers unless ERISA challenge requires assessment on employees
2. Income Tax
  - a. Increase rates on all income above ~300% FPL
  - b. Establish at least one new bracket for high incomes (e.g., 13% rate for income >\$200k)
3. Sales Tax
  - a. 6% on everything except “essential goods and services” (food/shelter/utills)
  - b. Include refundable tax credit for low-income individuals
  - c. 100% credit up to 200% FPL; partial credit up to 300% FPL (\$79,000 for fam of 4)



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## Recommendation on Order of Methods

- TAG had extensive discussions about “order of operations” in determining revenue method details and setting rates
  - Set payroll tax rates first, then income tax rates
  - Sales tax, if needed, set last and no more than 6%
  - If additional revenue is needed, return to payroll and income tax rates and focus on high earner rates
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# What This Might Look Like

Estimates from ITEP Modeling



# Overview & Parameters

ITEP was able to develop some loose estimates for us to help us further our discussion based on parameters we provided

## 1. Payroll Tax on wage income only

- 5% on wages below FICA limit (currently \$137,700)
- 7% on wages from FICA limit to 2x of FICA limit
- 9% on wages >2x FICA limit

## 2. Income Tax

- New tax brackets and increased rates for upper incomes
- No tax increase for low income
- Broad tax increase on all high-income taxpayers

## 3. Sales Tax of 6%, excluding food/shelter

- Include graduated credit (100% credit under FPL, half credit up to ~200% FPL, one-quarter credit up to ~300% FPL, no credit above 300% FPL)



# Estimated Combined Impact of 3 Revenue Options from ITEP modeling

Payroll Tax (5-9%) → Approx \$5.48 billion

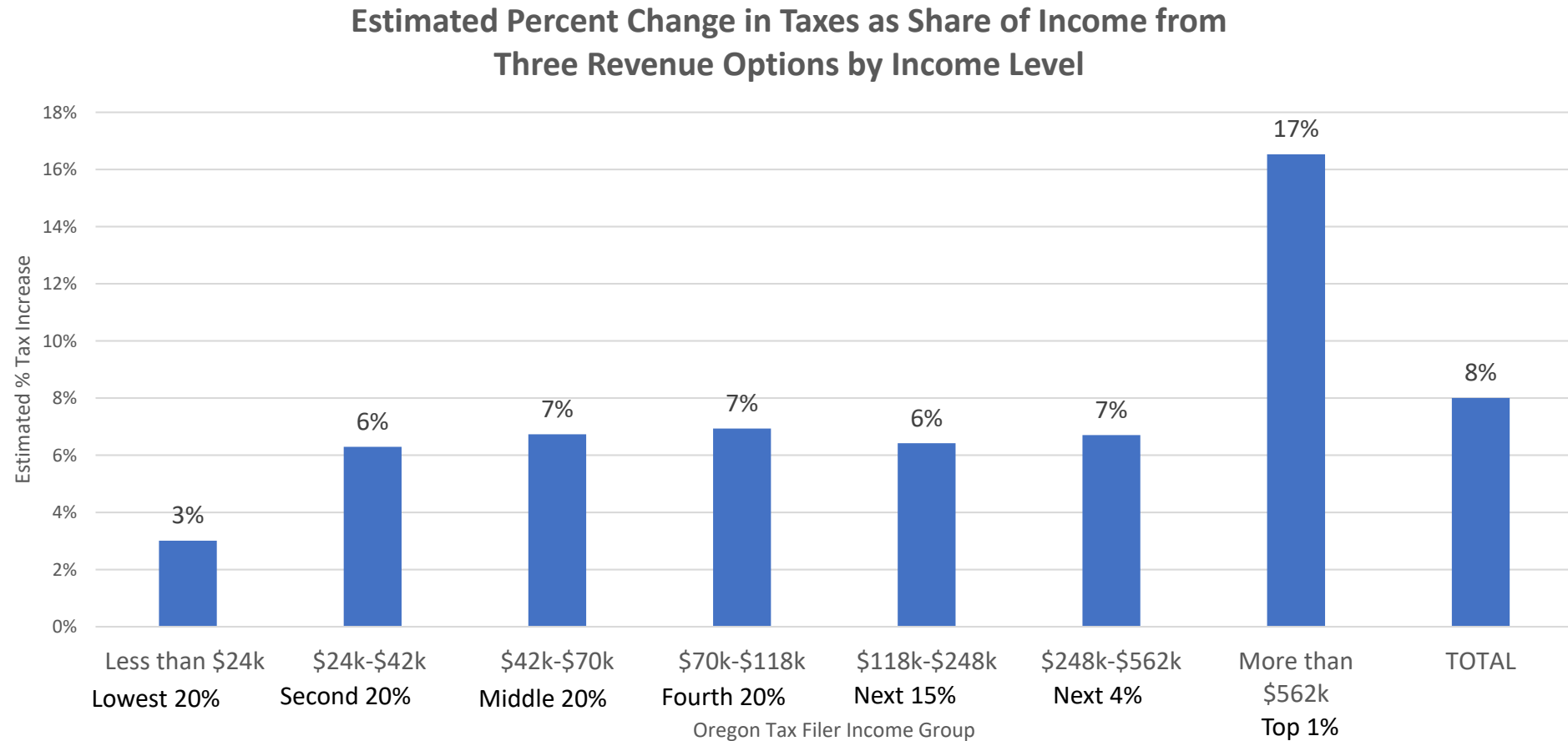
Income Tax (5-30 percentage pt increases) → Approx \$5.24 billion

6% Sales Tax w/credit → Approx \$5.91 billion

**Estimated TOTAL = \$16.64 billion**




# Payroll + Income + Sales Tax = Progressive Tax Package



CAUTION: These are preliminary draft numbers for perspective only.



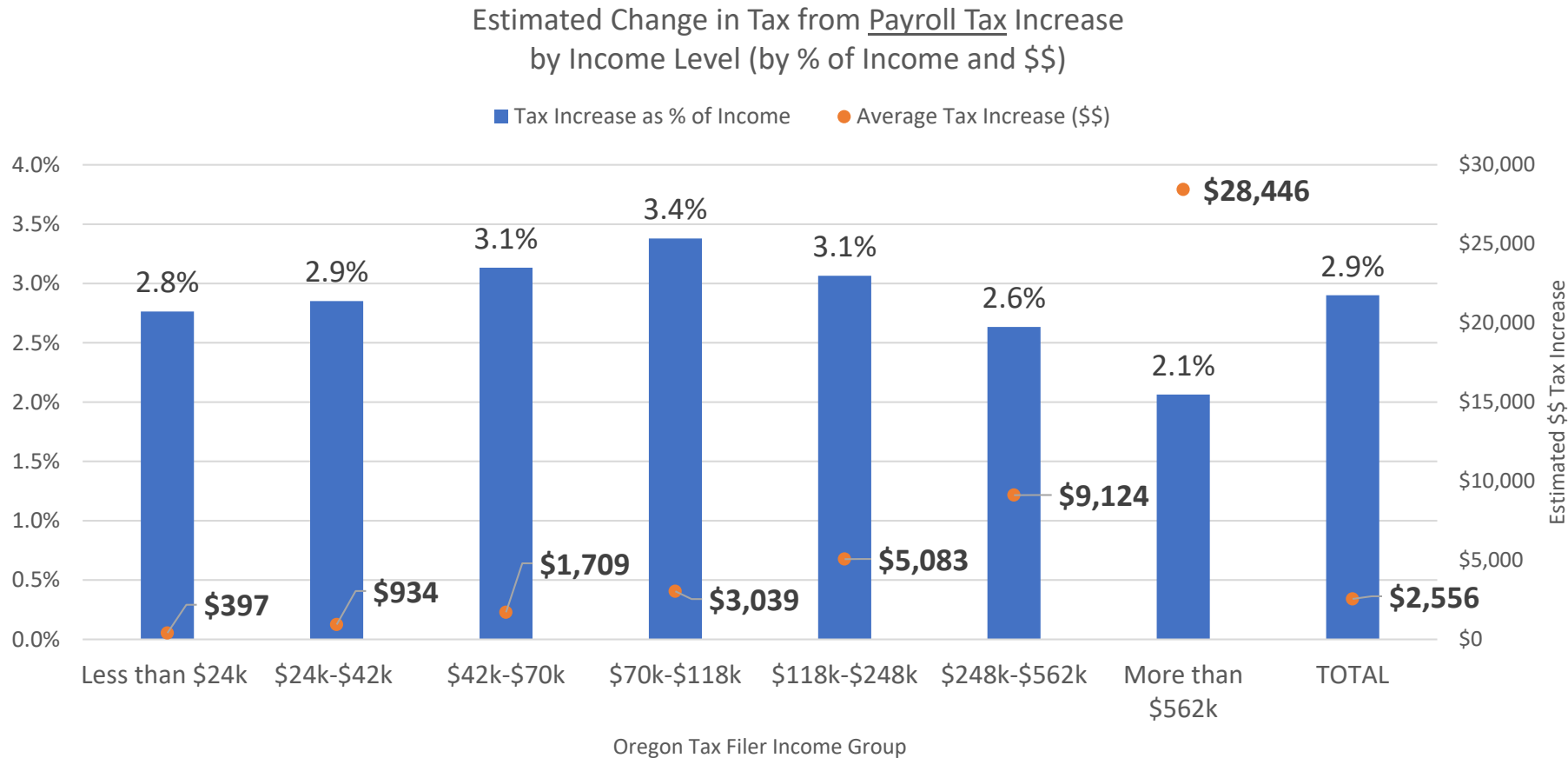
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- Payroll Tax on wage income only
  - Tax is on Employers
  - 5% on wages below FICA limit (currently \$137,700)
  - 7% on wages 1-2x of FICA limit
  - 9% on wages >2x FICA limit



Payroll Tax  
Parameters  
Reminder



# Wage-Based Payroll Tax (Employers)



Total Estimated  
Revenue Impact of  
PAYROLL TAX:  
\$5.48 billion

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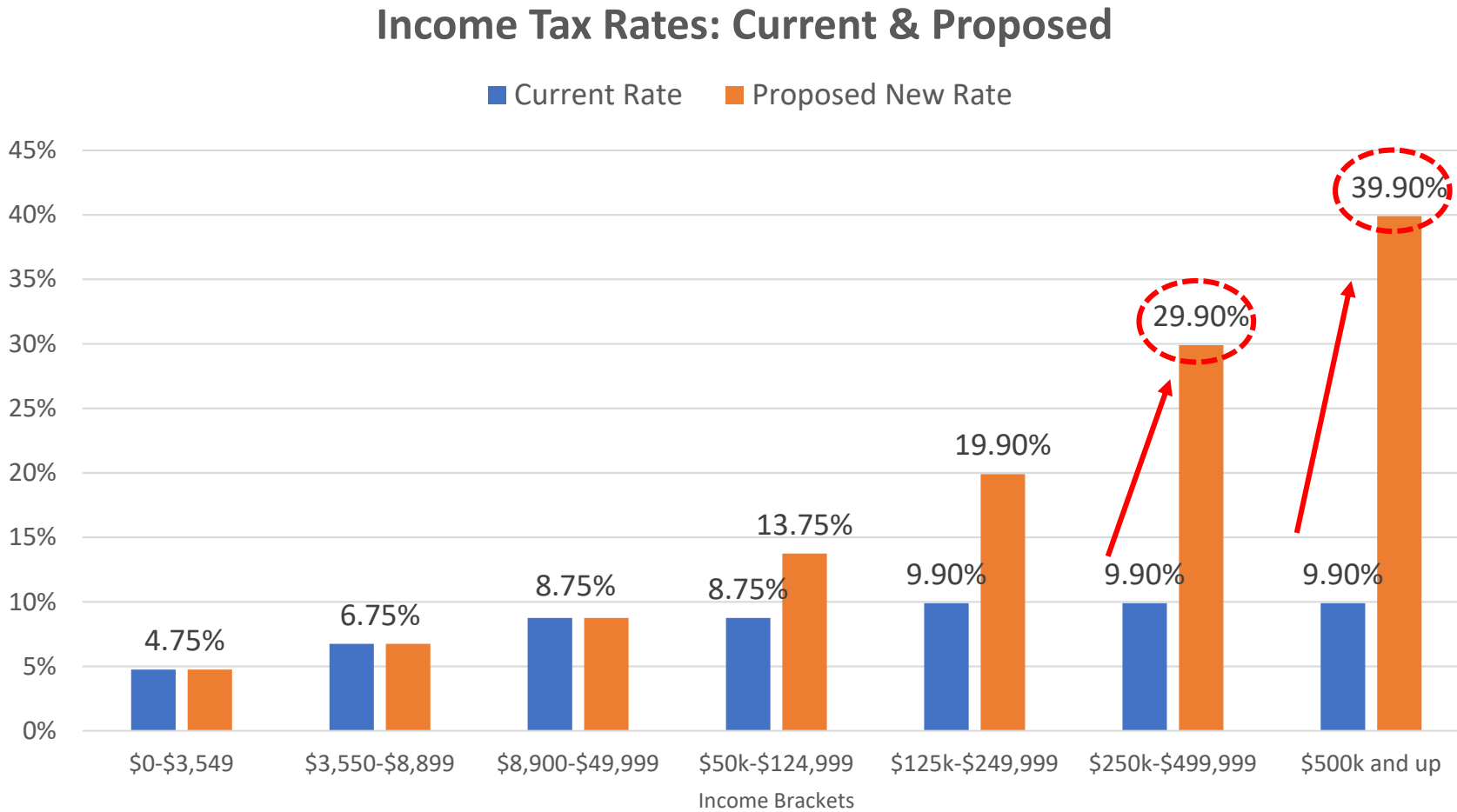
- New tax brackets and increased rates for upper incomes
- No tax increase on first \$50,000 of income
- Modest increase on income from \$50k-\$125k
- 3 new tax brackets
  - \$125-\$250k: 19.9%
  - \$250-\$500k: 29.9%
  - >\$500k: 39.9%

## Income Tax Parameters





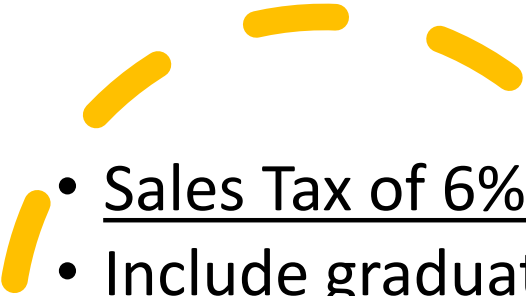
# Income Tax Becomes Much More Progressive




Total Estimated  
Revenue Impact of  
INCOME TAX:  
\$5.24 billion

CAUTION: These are preliminary draft numbers for perspective only.



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- Sales Tax of 6%,
  - Include graduated credit for low income
  - Full refundable
  - For people up to 100% FPL
    - \$700 credit for first person in HH
    - \$250/additional person in HH
  - Halved at 101-200% FPL
  - Halved again at 201-300% FPL
  - No credit above 300% FPL

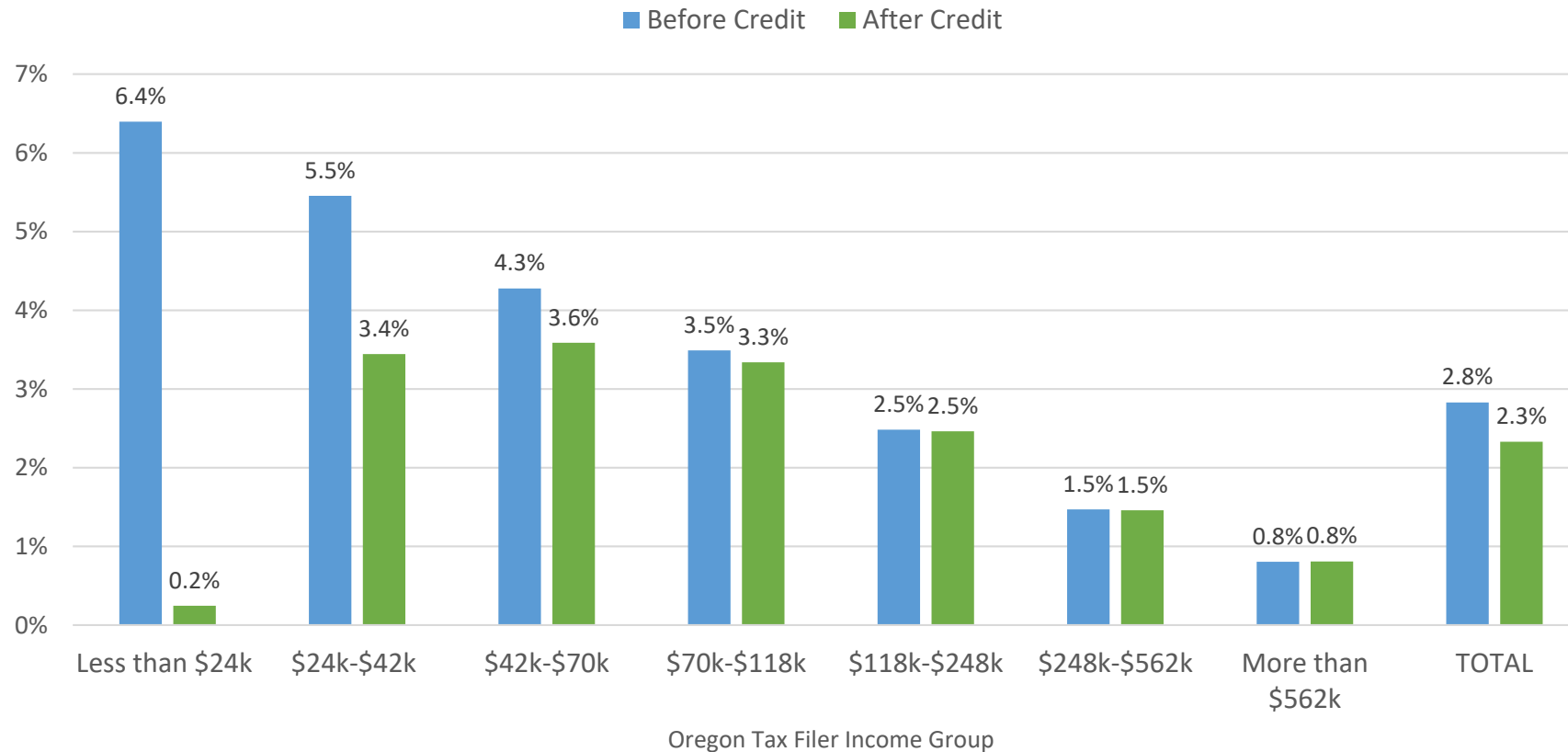


## Sales Tax Parameters Reminder



# Sales Tax Estimated Impact

Estimate Change in Tax as % of Income from Sales Tax by Income Level  
(before & after credit)



Total Estimated  
Revenue Impact:  
**\$6.79 billion**  
Estimated Credit  
**(\$870 million)**  
**Adjusted Revenue  
Impact**  
**\$5.92 billion**

CAUTION: These are preliminary draft numbers for perspective only.



Estimated  
Combined  
Impact of 3  
Revenue  
Options  
from ITEP  
modeling

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Payroll Tax (5-9%) --> Approx  
\$5.48 billion

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Income Tax (5-30 percentage pt  
increases) --> Approx \$5.24 billion

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6% Sales Tax w/credit --> Approx  
\$5.91 billion

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Estimated TOTAL = \$16.64 billion



# Task Force Vote

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- ITEP data is just for context
- Task Force voting on TAG proposal that revenue package includes:
  - Sales tax
    - 6% on essential goods and services
    - Refundable tax credit for low-income individuals
  - Income tax
    - Broad increase for all income above ~300% FPL
    - At least one new bracket on high income earners (e.g., 13% tax rate for income over \$200k)
  - Payroll tax
    - Flat rate on wages up to FICA limit (or similar threshold), ~\$138,000
    - Higher, progressive rate on income above FICA limit
    - Assessed on employer unless ERISA challenge forces tax to be assessed on employee



# Rules and Operating Procedures – Voting

- Recommendations will be made by consensus unless voting is requested
- If requested, voting shall be by roll call
  - (1) Approve; (2) Approve with reservations; (3) Do not approve
- A vote represents that the member will recommend to his or her government, organization, or group that they should support or oppose the voted-upon proposal consistent with the member's vote
- Final action requires affirmative vote of a majority of voting members (8)
- Votes recorded in Task Force's recommendations



# Governance TAG Proposal Preview

**John Santa, Governance TAG Lead**



# Governance TAG Workplan



March 18: TAG Scope & Workplan



April 1: Values, Role & Structure of Single Payer



April 15: Role & Structure of Regional Entities



April 26: Fiduciary Requirements



May 11: Authority



# Task Force Feedback

- Regions should be very involved in ensuring community input, involvement and engagement
- There need to be sufficient dollars at the level of the region to enhance engagement
- Flexibility for the Single Payer to decide whether the Regional Entity is a TPA is important
- Key Regional Entity role is tracking all regional jurisdictions
- Key Regional Entity role is serving as the conduit for local public health authorities to communicate with the Single Payer
- Will be deferring how the Regional Entities should be formed to a later date
- Consider aligning geographic regions with other regional groups like Regional Health Equity Coalitions
- The insurance function of CCOs would be dissolved, but there may be some CCOs with community relationships that may be interested in reorganizing into a Regional Entity



# Single Payer

- Public entity with enumerated authorities to serve the following roles:
  - Manages finances with explicit fiduciary responsibilities
  - Contracts with providers
  - Oversees program administration
  - Supports delivery system reform/improvement and workforce development
  - Manages the population information system
  - Maintains a government-to-government relationship with the Tribes



# Board

- Membership requires Governor appointment and Senate confirmation
- Represents a balance of expertise in healthcare
- Has an authentic community voice
- Members must demonstrate no conflicts of interest at time of appointment, during their terms, and for a significant period after leaving the Board
- Members receive reimbursement for their time
- Convenes both community and regional/delivery system advisory committees



# Regional Entities

- Advise the single payer on
  - Their region's budget
  - Payment methodologies
  - Innovation
  - Work with counties
- Manage a budget for stakeholder engagement and capital investment
- Promotes collaboration across the regional delivery system and other regions



# Governance TAG Proposal Summary

- **Single Payer** is a public entity that contracts with providers, oversees program administration, supports delivery system reform/improvement and workforce development, and manages the population information system.
- **Board** represents a balance of expertise in healthcare with an authentic community voice, demonstrates no conflicts of interest, receives reimbursement for their time, and convenes community and regional/delivery system advisory committees.
- **Regional Entity** advises the Single Payer on its region's budget, payment methodologies, innovation, and county work, supports collaboration across the regional delivery system and other regions, and manages a budget for stakeholder engagement and capital investment.



# Rules and Operating Procedures – Voting

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# Consumer Advisory Committee

**Glendora Claybrooks, CAC Chair; Bruce Goldberg, Chair, Task Force**



# CAC Guidance to the Task Force

**Question:** What healthcare services do you believe should be considered in designing a universal healthcare coverage plan and why?

- Prioritize services that keep people functional at work, in school, and in the community, including vision, dental and mental health services

**Question:** How should these services be provided to achieve health equality and equity toward eliminating current barriers and or challenges to all Oregonians?

- System should ensure equitable access to providers that represent the populations they serve; inclusion of, and access to patient advocacy services; case management; holistic and wellness services; transportation

**Question:** Based on your lived experiences, how do you define “affordable healthcare” and why do you define it this way? (Jan. 2021)

- Access to health care is a right; a person’s health care choices should not be limited by their financial circumstances or health care needs; affordable health care should vary according to a person’s ability to pay (e.g. reasonable percentage of income)



# CAC Guidance to the Task Force (cont.)

**Question:** How do you feel about decoupling health insurance coverage from employment? (Jan. 2021)

- Coupling of employment and insurance can lock people into their job in order to keep health coverage, and is administratively burdensome and costly for employers

**Question:** In the development of a universal healthcare design plan, should participation be “mandatory” or “voluntary” for residents? (Jan. 2021)

- Mandatory participation can help ensure costs are shared equally by everyone
- Important to differentiate between mandatory participation in system and mandatory receipt of services

**Question:** What kind of taxes would you support to fund a single-payer universal coverage system?(March. 2021)

- A broad-based progressive tax structure; ensure tax burden is not on low-income and based on ability to pay.
- If taxes are modified to fund universal health care, importance for the public to understand the purpose and benefit of any changes in taxes, and any proposal must be supported by the legislature and enacted by the general public.



# CAC Guidance to the Task Force (cont.)

**Question:** In establishing a governing board for a single-payer proposal, what recommendations do you have to ensure consumer representation and participation in decision-making? (April 2021)

- Voices of people who are commonly not included in governance structures are often the people who don't have the ability to participate (e.g., time or capacity constraints to participate).
- Ensure robust public input to help ensure universal system reflects needs of consumers; not embedded interests of the current system.
- Consumer "Bill of Rights" to guide governing board decisions.



# Discussion Questions

- What are the main issues you want to share with the Task Force with respect to developing a single-payer proposal for Oregon?
- What feedback or suggestions do you have for Task Force members, reflecting on your experience to date and also to inform future work if the Task Force is granted an extension?





# June Task Force Schedule

- June 4, 2021 – Receive draft Status Report
- **June 9, 2021 – Task Force meeting**
  - Legislator participation, extension planning, intermediate strategies
- June 11, 2021 – Task Force feedback on Status Report
- **June 22, 2021 – Task Force meeting**
  - Review status report, update extension plan