



## UNIFIED BUSINESS OPPOSES HB 2269/-1 AMENDMENT

**Background:** In 2011, Oregon was one of the states under President Obama's Affordable Care Act (ACA) to expand Medicaid. At the time, voters and the business community were told that the expansion would ensure people who needed coverage or who lacked employer-sponsored coverage, would be able to access care. Under the ACA law, firms with 50 or more employees are only required to offer health insurance under the Employer Shared Responsibility Provisions if those employees work more than 30 hours per week or are seasonal full-time longer than 120 days.

As part of the cost of covering Oregon's Medicaid Program for people in the expanded Medicaid population who might also concurrently be working less than 30 hours and not eligible for employer coverage under the existing laws, Oregon's employers (excluding self-insured plans) are already paying a 2% sales tax surcharge on healthcare premiums being paid under House Bill 2010 (2019). This is an increase from the 1.5% sales tax surcharge passed in 2017 under House Bill 2391.

The issue of Medicaid coverage and the 6% of Oregonians who are disconnected from care was made more complex when the Legislature passed a Minimum Wage law in 2016 that indexes the Minimum Wage faster than the federal poverty limit increases. This has caused people to lose the expanded Medicaid coverage that employers are already paying for through state and federal income taxes, and Oregon's healthcare premium sales tax.

**HB 2269/-1 Amendment Opposition:** Unified Business Oregon opposes House Bill 2269 and the -1 Amendment which proposes a new tax on businesses to cover the rising cost of Medicaid. We believe there are better ways to help low-income Oregonians connect to healthcare through the Health Exchange and leverage federal tax credits. We also believe this can be achieved without creating a new, complex bureaucracy that will drive up cost for employers.

We have deep concerns about the Legislature dipping into the same well they used to pay for this program as they used to pay the healthcare sales tax in HB 2020. While we are aware there are rising costs associated with Medicaid, we suggest the Legislature engage in cost reforms at the Coordinated Care Organization level, not new tax mandates to an already weary business community. Moreover, we find it unconscionable that the Legislature is considering a \$150-\$200M cost increase to restore double health insurance coverage to married public spouses, while asking businesses to pick up the tab for the cost of the 6% of Oregonians without insurance. **Let's make sure all families get one plan, before any family gets to take TWO taxpayer-funded plans.**

The -1 Amendment doesn't take into any consideration the following aspects:

- Whether a PT 8-hour or more employee has other coverage through a spouse or parent.
- Whether that child is a minor who would qualify for CHIP, SSI or any other federally-paid benefits.
- Whether an employee is a seasonal worker.
- Whether the employee is covered through Veterans' Administration benefits other than Tricare.
- Whether the employee was offered and rejected coverage through the employer as a choice to not pay for their own coverage.

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The brief on House Bill 2269 put forth by the Oregon Health Authority provides data, but without some of the relevant facts. In the graphic on page (3) of the brief OHA provides about workers who would be impacted, they list several categories of workers who also benefit from wages in tipped industries like wait staff and bartenders. However, it's well known that tipped wages rarely are fully counted as taxable income. This skews data presented in policy-making discussions when any Oregonian, regardless of what job sector they work in, doesn't fully report all earned income. It's also income that the State is missing in its calculations and forecasts as it relates to the bigger revenue conversations about how to fund needed services.

Many of these also individuals work with tips at wages well above Minimum Wage, and work for firms that offer healthcare, yet choose to not pay premiums. Again, we'll note, at the rate of accelerated indexing of Minimum Wage, it's decisions made by the Legislature that's pushing many of these workers off a benefits cliff. **A gross wage increase of \$3,500 a year for a FT worker (\$9.75 to \$12.00 accelerated under the law) cannot offset the loss of \$10,800 in Medicaid coverage for a family of two who no longer qualifies for the Oregon Health Plan.**

The Legislature made that choice and fails to acknowledge how its own decision-making has caused people to lose access to health coverage.

If we want to have a conversation about how to ensure these individuals are covered, then all the relevant facts must be discussed, including how tipped wages are not being fully counted as taxable income, and why people in some of these industries, who make higher wages with tips, are choosing not to participate in purchasing their own healthcare when it's offered by their employers. Employers should not have to bear the cost burden of an hourly wage tax for healthcare when an employee won't buy the coverage that is offered.

Unified Business Oregon members would welcome an intellectually-honest conversation about healthcare coverage that brings all employers, including self-insured companies, to the table to discuss what's really happening in their firms, one which daisy chains together all the policy decisions by the Legislature that have derailed the implementation of the ACA, and brings all that information into complete view so we don't keep seeing one-off policy bills like this which ignores all the other factors and failed policy choices that are limiting people from accessing healthcare.

We urge a NO vote on House Bill 2269/-1 Amendment.

Sincerely,



Lou Ogden  
Executive Director