



Felisa Hagins, Political Director
Service Employees International Union, Local 49
HB 2269
April 22, 2019

Testimony to House Committee on Revenue in support of HB 2269

Chair Nathanson and members of the Committee,

My name is Felisa Hagins and I am the Political Director of the Service Employees International Union, Local 49. SEIU Local 49 is comprised of health care and property service workers throughout Oregon and SW Washington. When combined with SEIU Local 503, we are the largest union in the state representing over 80,000 public and private sector workers. Our mission as a union is to achieve a higher standard of living for our members, their families, and dependents by elevating their social conditions and by striving to create a more just society.

Local 49 represents thousands of health care, janitorial, security, airport and laundry workers across the state. Our members are proud of the work that they do, whether it be delivering excellent patient care or cleaning or securing buildings. Many of our members work hard to care for patients yet struggle to afford basic healthcare themselves. On behalf of these members and all working Oregonians who struggle to access affordable health care, I am here today to testify in support of HB 2269.

Health care is an Oregon value, yet some employers are passing the buck

In Oregon, we're committed to providing quality, affordable health care for all. And since the Affordable Care Act was passed in 2010, the state has made good progress toward ensuring every Oregonian has the coverage they need. This of course does not come without a cost, and the state needs to find nearly \$1 billion in the next biennium to fully fund OHP.ⁱ

In light of this budget shortfall, it is particularly egregious that large, profitable employers—including leading hospitals and health systems—are not providing access to quality health insurance. Instead of providing health insurance coverage to their employees, some of these employers are choosing to shift the burden and rely on taxpayer dollars to subsidize health care for their workers through the Oregon Health Plan (OHP).

Too many working Oregonians rely on the Oregon Health Plan

According to the Oregon Office of Forecasting and Revenue, more than 200,000 working Oregonians needed insurance coverage through OHP in 2017. The cost of care for working adults will likely cost taxpayers \$4 billion, a figure that doesn't even include the cost of covering dependents.ⁱⁱ

We know that a portion of working adults on OHP are working more than 30 hours a week. Approximately 44,000 of these full-time employees are working for companies or organizations with more than 50 employees.ⁱⁱⁱ Moreover, a quarter of workers employed by large employers in Oregon are ineligible or not offered health care coverage.

While current reporting requirements do not allow the public to know exactly which employers in Oregon are not providing affordable health coverage, we know from neighboring Washington State that these employers could include such billion-dollar corporate giants as Walmart, McDonalds, Starbucks and even health care providers like Providence Health & Services.^{iv}

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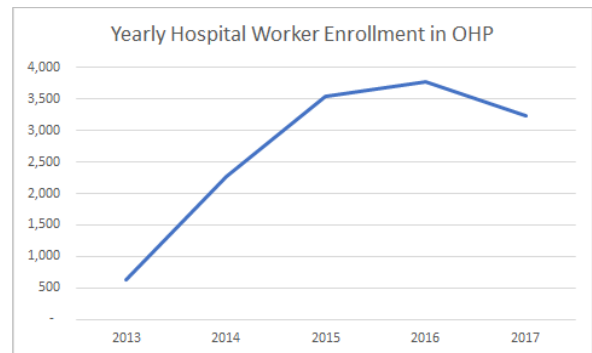
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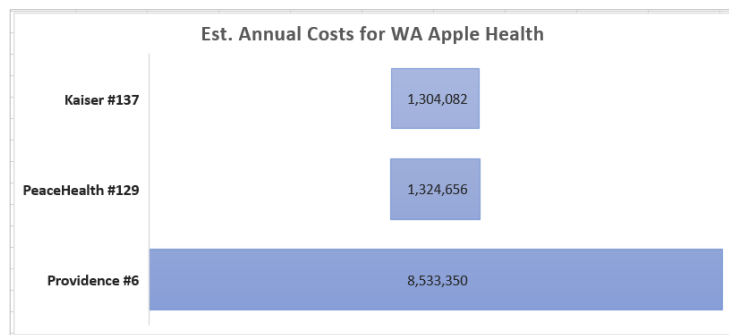
Health care industry is a large employer that has many employees on OHP and Medicaid

In fact, the health care sector is among the largest industries with employees on OHP. Nearly 3,200 Oregon hospital workers had coverage through OHP in 2017.^v The number of hospital workers who needed health care through OHP jumped in 2014 due to Medicaid expansion.^{vi} We take this as evidence that not only were these workers earning less than 138 percent of the federal poverty level, but also that these workers were not previously able to access affordable health insurance through their hospital employers.

Medicaid expansion increased coverage for thousands of hospital workers, while significantly reducing hospitals' spending on charity care. In fact, Oregon hospitals spent 50 percent less on charity care in 2017 compared to 2013.^{vii} In that time, their collective operating profits grew from \$435 to \$538 million.^{viii} That's more than half a billion dollars. Total profits were even higher.



Again, while we don't know exactly which Oregon hospitals and health systems are the worst offenders, we can look to the information Washington State collects on its employers for clues. Public ranking of Washington State employers that have employees on the Apple Health program reveals that Providence Health & Services ranks 6th largest by the number of employees and associated dependents needing Apple Health. The price tag to Washington State taxpayers from Providence alone comes in at an estimated \$8.5 million per year. Meanwhile, in the first three quarters of 2018 Providence's parent company Providence St. Joseph Health added nearly \$200 million to its unrestricted cash and investments, bringing the total to \$11.5 billion.^{ix} Other Oregon systems for whom we can examine Washington data include PeaceHealth, ranked 129th, and Kaiser, ranked 137th.^x



Health care employers can benefit twice when their employees are on OHP

In the case of large hospital employers, these companies essentially receive two financial windfalls when their employees need OHP. First, the employer pays no premium share for that employee and/or their dependents. Second, the employee might seek inpatient and/or outpatient care at the employers' facilities resulting in the employer receiving payment from the state for OHP services.

Oregon should act to ensure that large health care employers pay their fair share for health care coverage provided to their own employees.

Oregon should stop subsidizing employers who refuse to offer decent health care and wages

HB 2269 proposes an assessment on employers who do not meet threshold health care contributions on behalf of their workers. This is an important incentive measure to not only reduce employer subsidization through Medicaid, but for ending perverse market incentives that can reward low-road employers.

While Oregon's percentage of insured population has increased dramatically, many working adults still struggle to afford premiums and/or paying to use their insurance. The Affordable Care Act did much to promote health

and insurance coverage, however it created challenges for a segment working, low-income individuals, and a loophole for low-road employers. As long as an employer offers a health plan that provides minimum essential coverage, the worker cannot qualify for any subsidies on an exchange plan. For a non-union janitor earning \$12 an hour, dedicating nearly 10% of their income to health insurance can be a significant challenge while still covering rent, food and other necessities. If you do not qualify for OHP and choose to stretch to afford employer-plan premiums, the out of pocket costs such as \$5,000 deductibles or 50% coinsurance requirements often discourage people from utilizing insurance at all.

Property service industries are an area where some employers choose to trim costs by offering only what is minimally required under the law. Such companies remain competitive on the backs of their workers and taxpayers, contributing to a race to the bottom and disadvantaging responsible employers who invest in quality wages and decent benefits.

Oregon should report which employers are benefiting from public subsidies

Oregon should add data analysis and reporting requirements to this legislation so that policymakers and the public know enrollment and costs to taxpayers by employer. Employers should not be subsidized in secret. Over twenty states have issued such reports in the past^{xi}, and neighboring Washington State produces this kind of report annually.^{xii} Oregon should end its restriction on disclosing enrollment by employer and allow policy makers, municipalities, and fellow business actors to see who is taking unfair advantage of public support systems.

HB 2269 levels the playing field and encourages all employers to be good employers

This bill creates an important step for Oregon in holding all employers to a minimum standard. It puts an end to unfair competition and secret state subsidization where some employers pay for their employees' health care and others rely on the state to do so. Most importantly, it protects necessary health care for all Oregonians and institutes a more fair, transparent funding stream for the Oregon Health Plan.

Thank you for the opportunity to testify. I would be happy to answer any questions.

Felisa Hagins
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ⁱ <https://www.opb.org/news/article/oregon-health-care-kate-brown/>

ⁱⁱ Employee counts by industry from the Oregon Office of Forecasting and Revenue (OFR), 2017. OFR is a joint unit of the Oregon Health Authority and Department of Human Services. Cost estimates per adult enrollee provided by the Oregon Health Authority, Fiscal and Operations Division, 2016.

ⁱⁱⁱ Per memo Governor Kate Brown's Health Care Financing Package 2019-2021.

^{iv} See Washington State Health Care Authority, <https://www.dshs.wa.gov/sites/default/files/SESA/rda/documents/research-9-115.pdf>. Officially, Providence is ranked 19th largest in 2018. SEIU added Swedish Health Services and Kadlec Regional Medical Center to arrive at a 6th largest ranking. Employers are ranked by total clients and associated clients.

^v Employee counts by industry from the Oregon OFR, 2017, North American Industrial Classification System (NAICS) 6221.

^{vi} Data from the Oregon Health Authority for workers in NAICS 62211, for 2013-2017.

^{vii} OHA, Hospital Community Benefit Data for 2010-2017, available here: <https://www.oregon.gov/oha/HPA/ANALYTICS/Pages/Hospital-Reporting.aspx>.

^{viii} OHA, Hospital Financial Data for 2006-2017, available here: <https://www.oregon.gov/oha/HPA/ANALYTICS/Pages/Hospital-Reporting.aspx>. Excludes Shriners.

^{ix} See Providence St. Joseph Health's Continuing Disclosure Quarterly Report, for the quarter ending September 30, 2018.

^x See <https://www.dshs.wa.gov/sites/default/files/SESA/rda/documents/research-9-115.pdf>. Providence includes Swedish and Kadlec.

^{xi} <https://www.goodjobsfirst.org/corporate-subsidy-watch/hidden-taxpayer-costs>.

^{xii} Per WA legislative mandate, ESHB 3079. See here for a list of states from which any Medicaid and/or Children's Health Insurance Program data has been released and/or requested: <https://www.goodjobsfirst.org/corporate-subsidy-watch/hidden-taxpayer-costs>.