

Chair Goldberg and members of the Joint Task Force on Universal Health Care:

On behalf of Oregon Business & Industry (OBI), thank you for the opportunity to submit comments on this proposal, which will affect all of our members. OBI is Oregon's most comprehensive business association, representing over 1,600 members who employ more than 250,000 people in the state. Our members come from all sectors and from all parts of Oregon, and more than 80 percent of them are small businesses. We also serve as the state's Retail and Manufacturing Councils.

OBI has long advocated for improving access to high-quality, affordable health care and promoted efforts to contain costs and improve transparency across the system. As businesses recover from the COVID pandemic, we will continue to support legislation that increases access to affordable health care in a sustainable way without putting the burden on employers. However, the proposal put forth by the Joint Task Force on Universal Health Care rather than relieving burdens, will create a new and very costly tax on employers.

While the idea of universal health care is appealing, the plan presented will add new costs to the bottom line that businesses, particularly small businesses, simply cannot afford. Also, while the task force proposal predicts that a universal health care program will reduce costs over the long term, it fails to recognize the burden the funding mechanism will place on employers and employees, especially as it layers on top of other state and local taxes. A [2020 tax study](#) commissioned by the OBI Education & Research Foundation found Oregon ranked 19<sup>th</sup> nationally in business tax burden. The Portland metro area already has the nation's fourth highest combined state and local income tax rate, at 11.6%. Given this context, increasing payroll and income taxes by \$21 billion per year to pay for universal health care would place an unrealistic burden on employers and employees alike.

OBI also has concerns on the administrative side of the proposal. Beyond the creation of the governing body, the proposal offers very little detail about how the program would be administered. It also is not clear how the single-payer system would overcome employer protections under ERISA, as those protections preempt state law. Finally, given the state's track record for administering large-scale programs, there's little reason to believe it will succeed in standing up and running a single-payer system that would be more complex even than Cover Oregon.

We urge the task force to consider this program and its costs within the context of the high cost of doing business in Oregon that employers already carry. Massive tax increases such as those contemplated here would limit the ability of businesses to create jobs, increase wages, add other benefits and invest in their communities. Proposals like this one, especially given the already high cost of operating in Oregon, deter businesses from relocating and investing in the state. So many businesses are struggling already, that another cost of this size could force them out of Oregon.

More than 95% of Oregonians have access to health care. We should focus our attention on less disruptive ways to increase access to health care, improve outcomes and lower costs. Such tools include value-based payments and the Sustainable Cost Growth Target. Pursuing a universal health care program would place an unnecessary and unreasonable burden on small

businesses, self-employed workers and individual Oregonians, including many of the people the proposal is intended to help.

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