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AGCOreCol

July 14, 2022

RE: Joint Taskforce on Universal Healthcare

Dear Chair Goldberg, Vice Chair Junkeer, and Members of the Taskforce:

Associated General Contractors – Oregon Columbia Chapter represents a broad cross-section of the commercial construction industry, including open shop and union, rural and metro, highway and building contractors. Most of our members are small, homegrown businesses.

We have serious concerns about the universal healthcare proposals that are being considered by this taskforce. As our members are companies of varying sizes throughout the state, we have similar concerns as those brought by the broader business community. These include the ramifications of adding such significant payroll and income tax increases, and the impact that this will have specifically on smaller businesses with tight margins. This program also takes away the ability for employers to offer superior healthcare plans as an incentive for attracting potential employees.

As the association representing general contractors throughout the state, we also have industry specific concerns. One of these concerns is how this program will work for employers who have employees working in multiple states. There are some construction projects where the project site literally straddles a state line, which would cause significant confusion under a program like this where the employees' benefit plans will have to be treated differently depending on which state they are working in. Other employees may split their time between different states, especially for our member companies who do business close to the Washington or California borders. Our members, especially those with more specialized work, travel to where they are needed, making construction a mobile workforce. This will add significant confusion for employers who are trying to comply with a universal healthcare program in one state and provide private healthcare insurance in another state. It would also run the risk of requiring that contractors who have crews working in multiple states, pay twice for health insurance benefits.

Another construction specific consideration is how this will impact fringe benefits when dealing with prevailing wage. Currently, fringe benefits that are paid as part of

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prevailing wage often include healthcare benefits. However, under this program, there would no longer be healthcare benefits to offer as part of the fringe benefits. Rather, the cost of the healthcare would be coming out of the payroll and income taxes. With that being the case, there would need to be a substantial shift in how much fringe benefit should accompany the prevailing wage paid to employees on these public jobs. The prevailing wage system is already complicated as it is. Creating a policy that demands a significant change to the system is ill-advised.

AGC's membership has both union and open-shop contractors. For the union contractors, there are further complications with a program like this. The union contractors pride themselves on the quality of healthcare that they provide to their employees; this is a significant benefit that they offer. Losing this ability would be detrimental to unions throughout the state. Also, there are some trades where the union operates in multiple states. In this instance, the ability to provide health insurance to some members of the union, but not others, creates significant confusion and difficulty of applicability.

We have other concerns about how this would impact Oregon's economy overall. This would include a huge increase in unemployment due to changing the healthcare system, including brokers and associated vendors in addition to medical professionals. Private insurance companies have relationships and negotiation abilities that benefit the consumer. The state has no history of such negotiations, and this would likely lead to increased costs for providing coverage. Also, it should be noted that Oregon would be the first state to undertake such a program, as other states have decided that such programs are unworkable. There are also concerns about how this will work when employees are completing jobs for the federal government, rather than state or private clients.

We thank you for your consideration of our concerns. We respectfully request that you not move forward with the proposed program in its current form, given the concerns we have listed above as well as those you are hearing from other business associations. Instead of overhauling our entire healthcare system, we should look at ways to improve our existing system, and thereby avoid many of the concerns we've expressed.

Best regards,

Kirsten Adams
Director and Counsel – Policy and Public Affairs, AGC Oregon-Columbia Chapter