

PROPOSED FUNDING PRINCIPLES

8/9/22

Problem Statement: Our health care is financially unsustainable, harmfully complex, and socially unjust.

Explanatory statements:

1. Financially unsustainable: The cost of health care has risen steadily faster than income, diminishing the fraction of the population which can afford their own care, and at the same time straining public and private resources to provide services for indigent and subsidized populations.
2. Harmfully complex: Preapprovals, limited networks, inability to price care alternatives in advance, and medical bills which are very difficult to understand result in debilitating frustration and stress for patients and medical providers, discouraging needed care, and adding significantly to the cost of care.
3. Socially unjust: Tiered provider reimbursement rates discourage care to indigent and subsidized patients. Some people have no coverage at all. Financial burdens placed on sick and injured patients cause high stress and bankruptcy and add to social differences in access to care. Coupling health care with employment has cost jobs, particularly for the lower middle class. Providers centralize in areas of higher financial opportunity instead of areas of higher need. Minorities have worse medical outcomes. Separate risk pools unjustly segregate healthy people from much of the costs of those who are sick or injured.

Problem Solution Statement: Universal Care, based on a single payer model can address issues of cost, complexity, and social justice in ways that no other system can. At the heart of the single payer system is a revised funding system which provides the opportunities for high quality care delivered more justly, without complexity, and at lower cost.

Funding Principles: An Oregon Universal Care Plan as envisioned by the task force is based on three types of funding, re-direction of existing governmental spending, cost reduction, and new revenues in the form of tax contributions to replace premiums and out of pocket expenditures. Each of these is addressed in the list of principle statements below.

1. The plan must be extraordinarily assured that:
 - a. The federal government will allow redirection of current Medicare, Medicaid, and CHIP funding into the Oregon Universal Plan at the level which has been estimated by Optumas.
 - b. The federal government will continue supporting those programs at the current funding level or higher indefinitely.
2. The following principles must be met to achieve the calculated cost reduction:
 - a. All covered medical care must be combined at one reimbursement rate received from one payer.

- b. All individual billing must be eliminated or greatly simplified through a combination of global budgets, capitated payments, or simplified and unified Fee for Service (FFS) arrangements.
- c. Payment systems must have the ability to ensure that care is delivered when and where needed to avoid costs of delayed care.
- d. A principle of universal health care is that the cost of sickness and injury is spread across the wider population. Elimination of all patient payment based solely on individual health care need is a critical part of reducing total health care cost, as well as protecting against individual health care bankruptcy. This requires elimination of copays and deductibles, and also requires substantial elimination of separate risk pools.
- e. While some of the savings from universal health should be prioritized to cover the cost of higher utilization created by elimination of barriers to access, and directed into underserved areas such as behavioral health, primary care, and rural care, a significant portion of the savings must be used to reduce the cost of care, thereby reducing the need for new tax revenue.

Principles Specific to Taxation:

- 3. Taxation shall be based on ability to pay.
 - a. For individuals, ability to pay shall be based on household income.
 - b. For any tax placed on employers, a measure of ability to pay shall be established, such as profit per employee.
- 4. Determination of financial contribution to the health care system shall be under uniform rules for all.
 - a. It shall not be affected by what an individual does for a living, whether employed, self-employed, or not employed.
 - b. No source of income shall be treated any differently than any other source of income. *
- 5. In order to achieve a wide sense of personal investment and ownership, some contribution should be paid by every adult who is capable.
- 6. In calculating desired distributions of cost across income groups the calculation must include all sources of health care revenue, including the cost of Medicaid and Medicare programs covered by general fund taxation.
- 7. Effects of transition should be held moderate and wide, not creating exceptional windfalls for some versus others, or creating exceptional transfers of cost onto a minority of payers.
- 8. Full elimination of age-rated premiums as exist under the current system would cause some young people to see their cost quadruple at a time of life when they can least afford it. To preserve the ability of new generations to thrive equitably, further investigation should be made into using tax credits or adjustments to avoid shifting further cost from old to young.
- 9. Because Medicare funding has not kept up with Medicare cost, current Medicare recipients should arguably pay more than they do currently, subject to their ability to pay. However, when viewed as a social contract, further investigation should be made into designing the tax system so that taxation for this generation balances their new tax payments with their improved benefits.
- 10. Because of the need to keep the system financially stable against gaming by healthy populations versus unhealthy populations, eligibility must be determined by fixed definitions, with no

individuals having an opportunity to opt-in, if otherwise ineligible, or to opt-out if otherwise eligible.

* Due to law and enforceability some specific sources of income may not be includable. For example, the Oregon constitution prevents taxation of certain retirement benefits such as Social Security.