



Feb. 13, 2023

TO: Members of the Senate Committee on Health Care

FR: Katie Koenig, Oregon Business & Industry

RE: Oregon Business and Industry's Opposition of SB 704

Oregon Business & Industry (OBI) is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

OBI has serious concerns about SB 740, which would establish a Universal Health Care Governing Board and direct that board to create a plan for a universal health plan (UHP) by 2027. We believe that it is imprudent to establish a governing board for a single-payer health system that doesn't yet exist, especially given the absence of a legislatively adopted framework or set of guidelines.

The final report from the Joint Task Force on Universal Health Care estimates that a UHP would cost taxpayers more than \$20 billion per biennium, which is roughly equivalent to the state's current biennial tax revenue. To fund the plan, the report also recommends the creation of an employer payroll tax and a health care income tax.

Such tax increases would be particularly harmful to employers given recent trends. According to our recent [tax study](#), Oregon's state business tax burden has increased nearly 45% in recent years, and local taxes have added to the burden in and around Portland. Currently, Portland's combined state and local marginal rate for individual taxpayers trails only New York City's. Businesses in Oregon, particularly small businesses, are struggling with inflation and other macroeconomic factors in addition to the state's rapidly increasing tax burden. Creating a single-payer health care system would add significantly to the cost of doing business in Oregon.

The health care task force's report claims that a single-payer system would reduce some costs. This claim does not inspire confidence. Oregon doesn't have a great track record for administering large-scale programs or adhering to projected budgets and timelines. Implementing a UHP would be significantly more complex than the failed Cover Oregon program, for example. Further, it is not clear how a single-payer system would overcome ERISA protections, which preempt state law.

In the three years since the passage of SB 770, which established the Joint Task Force on Universal Health Care, Oregon has taken steps to improve the health care system. These include drug price transparency, value-based payments and the Sustainable Cost Growth Target. More than 95% of Oregonians are covered by some form of insurance, and we believe it would be more prudent to focus attention on less disruptive ways to provide coverage to the small percentage of Oregonians currently without it.

We ask this committee to consider a UHP in a holistic context, taking into account the complexity, cost, and federal landscape. Not to mention the impacts on small businesses, the self-employed and individual Oregonians. It is woefully premature to establish a governing board, as SB 704 would do.

Thank you for allowing us to offer comments.

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