

Carrier Testimony on SB 704: Universal Healthcare Governance Board February 13, 2023

Chair Patterson and Members of the Committee:

Thank you for the opportunity to provide testimony on SB 704, which creates a Universal Health Care Governance Board (“Board”). Our organizations provide coverage to more than one million Oregonians across the state^[1] and have decades of experience in administering health benefit plans. We employ thousands of Oregonians, are actively involved in our communities, and have partnered with policymakers over the years to increase access to health care for all Oregonians.

Our expertise gives us a unique lens on the single payer proposals discussed over the last few years, which led to the proposed creation of the Board, a new agency devoted to building a plan for a single-payer health care system in Oregon. We write to express concerns with creating a Governance Board and continuing to move forward with development of a single-payer system divorced from a real discussion of the state’s inability to fund such an ambitious proposal and the myriad of other major challenges to enacting a single-payer system.

In the past three years, since Senate Bill 770 was passed, Oregon has undertaken a number of initiatives to improve the health care system, and our organizations have all been actively engaged in these collaborative efforts at the state and federal level. Together, we have worked on policies and practices that have resulted in a decline in Oregon’s uninsured rate and improvements to access and affordability even while there have been unprecedented challenges. A few examples of the significant health policy changes already prioritized by the legislature and under development in Oregon include::

- The nation’s most comprehensive drug price transparency law, in House Bill 4005 (2018)
- The cost growth benchmark law, Senate Bill 889 (2019)
- The creation of a value-based compact in 2021 to transform how payers and providers work together to control costs and improve outcomes.

^[1] See <https://dfr.oregon.gov/business/reg/reports-data/annual-health-insurance-report/pages/health-ins-enrollment.aspx>

- The expansion of the Oregon Health Plan to cover all Oregonians, regardless of immigration status, HB 3352 (2021)

Further, the Oregon Legislative Assembly will be asked to consider or fund a number of new initiatives, like the establishment of a basic health program under § 1331 of the Affordable Care Act and the implementation of yet another groundbreaking § 1115 Medicaid demonstration waiver. Oregon is already a leader in health care reform.

While the Task Force established under Senate Bill 770 studied the possibility of a single-payer system, the entire health care system has been rocked by COVID-19 and continues to be under enormous pressure. To preserve the gains in coverage we have made, we believe the state's focus should be to stabilize our system and the health care markets through supportive and predictable policy making – minimizing care disruption and unintended consequences.

We do not believe continued discussion of a single-payer system is consistent with those goals. It attempts to do too much, ignores significant the legal and financial challenges, and has no precedent of success by any individual state in the Union.

Given the experience of other states, and dynamics specific to Oregon, there is no basis upon which to think such a program would be successful. In a state with a largely unstable tax-base and the inability to run a deficit, a program like single-payer health care is financially irresponsible. We need to continue to work together to lower health care costs for every Oregonian. That means increasing engagement of all stakeholders in finding ways to lower the cost of care and providing Oregon consumers greater choice and control over their coverage that meets their needs. Offering all Oregon residents a one-size-fits-all government-run insurance system, while doubling their tax payments, is not a realistic solution.

Further, the conversations already underway in Salem and the work outlined in the Governor's Recommended Budget have set forth an ambitious set of priorities for the state, particularly as it relates to healthcare. The Medicaid redetermination process will take significant time and energy over the next year. When paired with the work to create a basic health plan for low-income Oregonians and address our state's homelessness and behavioral health crisis, the state does not have the capacity or resources to undertake continued exploration of a single-payer system. We strongly recommend that the Committee not move SB 704 forward, and instead focus on

supporting the work already underway within this body to improve access to quality, affordable healthcare in Oregon. It is both unnecessary and a poor use of state dollars to establish a Board to create a single-payer system when there is no path to move forward in Oregon.

We wanted to reiterate a number of concerns we raised with the Task Force on Universal Healthcare over the summer on the challenges of moving forward with creation of a single-payer system in Oregon:

Funding a single-payer system – To fund a single-payer system, the state would have to raise taxes to the tune of \$20+ billion – roughly the same amount as the state’s current biennial tax revenue. Without unilateral support that this is the direction for Oregon, we should not waste additional time and resources if there is no expectation that the legislative body or electorate would vote to increase taxes this much.

Consumers want choices - It is our experience that Oregonians want health care access that is affordable, but not a one-size-fits-all plan. This proposal will lead to higher taxes and lower quality of care. Thousands of Oregonians will pay more only to wait longer for worse care. We need to focus more closely on our work with all stakeholders on the Sustainable Health Care Cost Growth Committee to find comprehensive ways that will increase access while lowering overall cost.

Cost saving estimates are not realistic – Our organizations have decades of experience administering health insurance and understand that the proposed administrative fee is not realistic. Our health plans operate in a competitive environment and continually look for ways to provide our services more efficiently to keep down costs for Oregonians, we disagree that a single-payer system would have more success achieving this goal than the current system.

This underestimation is a good example of the theoretical nature of the entire plan and makes us question whether other assumptions about financial savings are realistic.

We recognize that although our current health care system is not perfect, it in many ways works well in a very complex and difficult environment. If we could go back in time and re-design it from scratch, it would likely look much different than it does today,. Providing every Oregonian with high-quality, culturally competent health care

that is accessible, affordable, and efficiently administered is a goal we share. We cannot, however, risk the lives and livelihoods of millions of Oregonians in the hopes of achieving an outcome that has no basis for success and will not serve Oregonians well.

Oregon has been most successful in health care transformation when we have taken incremental steps together. When we have attempted to do too much, relying fully on the state – we have failed and wasted valuable state resources. After three years of discussion and analysis and several million dollars from the legislature, it is time to move on and focus on attainable solutions. We urge you not to move forward with SB 704.

Sincerely,

