



February 12, 2024

Senate Committee on Finance and Revenue
Oregon State Legislature
900 Court St. NE Salem, Oregon 97301

RE: DCIPA Support for SB 1542

Chair Meek, Vice-Chair Boquist, and Members of the Senate Committee on Finance and Revenue:

We strongly encourage your support for SB 1542, which modifies the Corporate Activity Tax (CAT) by exempting receipts from public payers: Medicaid, Medicare, the Public Employee Benefit Board (PEBB), the Oregon Educators Benefit Board (OEBB), the Children's Health Insurance Program (CHIP), and the U.S. Department of Defense (TRICARE). During the 2021 legislative session, we supported an amendment to SB 164 (-A13) which provided a similar exemption. During the 2023 legislative session, we also supported SB 56, which did the same.

We are supportive of the CAT's original purpose of increasing funding for public K-12 education. However, we also want to balance that goal with the health care priorities of Oregon. As health care providers, we are keenly aware that the most vulnerable members of our communities are often covered by government payers. Yet, providers are not fully reimbursed by government payers for the care and services that patients need. Government contracts, like Medicaid and Medicare, are often the lowest paying and cannot be renegotiated. Thus, providers are unable to pass on those costs, like other businesses do.

Independent providers join together in sharing overhead costs, helping contain health care cost growth in Oregon. Although, by doing so they easily cross the \$1 million dollar threshold to pay the CAT currently, or even the \$ 5 million dollar threshold contained in Sections two and three of SB` 1542, in some instances. By passing SB 1542 the state would encourage providers participation in public assistance programs. Doing so would help Oregonians have greater access and choice in health care and would build confidence in the social safety net.

Therefore, we ask the committee to pass SB 1542 to reassure access to high quality care in Oregon.

Sincerely,

Bart Bruns, MD, CEO
Douglas County Individual Practice Association, Inc.