



Corporate Activity Tax Equity for Healthcare Support SB 1542

The original goals of the Corporate Activities Tax (CAT) in advancing educational reforms that promote a vibrant workforce for Oregon had positive intentions and physicians are happy to contribute their fair share. Today, those clinics and clinicians serving the most vulnerable Oregonians are experiencing an unsustainable burden created by the CAT which is already impacting access to care.

Health care clinics are currently paying the full tax on public payer (Medicaid and Medicare) revenue even though these are non-negotiable rates. Most businesses will pass the tax onto the end consumer, but clinicians cannot and would not pass this tax on to their patients. Additionally, clinics pay once again, as end customers, when billed by suppliers for their CAT, which in many cases is adding up to millions of dollars per year.

- Costs of delivering care have increased in the aftermath of the pandemic with record level inflation.
- Medicare rates are set by the federal government and providers have limited ability to negotiate those rates to cover the increases in the cost of care.
- Including Medicaid/Medicare and prescription drugs in the current Corporate Activities Tax base has directly contributed to decreased access to clinician services and high-cost drugs

THE SOLUTION: The Legislature should pass **SB 1542** to exempt the business receipts associated with Medicaid and Medicare and prescription drug service payments similar to the exemption for residential care facilities and in-home care agencies.

“A large portion of my practice is devoted to injecting medications semi-monthly into patient’s eyes in order to optimize the retina’s function and prevent the devastating consequence of permanent vision loss. These medications generate substantial debt for our clinic—sometimes over a million dollars a month. The cycle of reimbursements we eventually get from payers is used to settle what we owe the pharmaceutical manufacturers. So even though there is a large efflux and inflow of funds, the net benefit to us is simply to be able to treat our patients. On top of that, we are taxed on the entirety of this reimbursement, so even though the tax itself is a small percentage, the actual dollar amount has a huge implication on our financial solvency.”

-Oregon Ophthalmologist

For more information please contact Courtni Dresser: 505-380-9488

SOUTHERN OREGON
NEUROSURGERY

