



February 12, 2024

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

RE: WVP 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).

While we endorse the original intent of the CAT in enhancing funding for public K-12 education, we aim to harmonize this objective with Oregon's healthcare priorities. As healthcare professionals, we acknowledge that government payers typically cover the most vulnerable individuals in our communities. However, it is crucial to recognize that providers often face inadequate reimbursement for the necessary care and services provided to patients. Government contracts, such as Medicaid and Medicare, represent the lowest-paying agreements that cannot be renegotiated. Consequently, providers find themselves unable to transfer these costs, a privilege enjoyed by other businesses.

Moreover, increasing the exception threshold from \$1 million to \$5 million will prove highly beneficial for smaller providers currently grappling with challenges, regardless of their payer mixes. This adjustment will empower such providers to expand their workforce, invest in additional physical and technical infrastructure, enabling them to better serve their deserving patients.

Independent providers in Oregon collaborate to pool resources and share overhead costs, effectively mitigating the rise in healthcare expenses. However, this collective endeavor sometimes leads to surpassing the existing \$1 million threshold for CAT payments or even the \$5 million limit outlined in Sections two and three of SB 1542. The enactment of SB 1542 would encourage provider participation in public assistance programs, improving healthcare accessibility and choice for Oregonians. This initiative is poised to instill greater confidence in the social safety net.

Given these considerations, we strongly encourage the committee to endorse SB 1542, securing ongoing access to top-notch healthcare in Oregon.

Manny Rivera, MBA, HRMC
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