

20 February 2026

TO: Members of the House Committee on Rules

FR: Ryan Tuthill, Oregon Business & Industry

RE: Testimony in Support of HCR202

Chair Bowman, Vice-Chair Elmer and members of the House Committee on Rules.

Oregon Business & Industry (OBI) is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 75% 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.

Thank you for the opportunity to testify in support of HCR 202, a bill that starts a much-needed conversation about the increasing difficulty Oregonians face in affording and accessing health care. For employers and families alike, health care costs are rising at unsustainable rates, placing exceptional pressure on family and employer budgets. We appreciate former Gov. Kitzhaber's efforts to right-size Oregon's health care system and his acknowledgment that Oregon's business climate and regulatory framework have contributed to the cost burden faced by employers and employees.

Oregon is at a critical juncture that demands action. Over the last year, the state has experienced historic job loss and one of the highest unemployment rates in the nation. In the last decade, Oregon has fallen from 17th to 39th in CNBC's *Top States for Business* rankings and from 8th to 35th in the Tax Foundation's competitiveness rankings. [According to research by StratACUMEN Group](#), Oregon is the seventh most regulated state in the country, with many sectors in Oregon far more regulated than in other states. Hospitals in Oregon, for example, see 3.7 times the U.S. median number of regulations. Research further suggests that for every 10 percent increase in regulation, the number of firms declines by 0.5 percent, employment falls by 0.5 percent, consumer prices rise by 1 percent, and overall economic prosperity declines by 1 percent. Rising health care costs compound these pressures, straining employers' ability to invest, hire and raise wages.

Employers have been facing double-digit or near-double-digit premium increases, making what was once uncommon routine. For many employers, health care costs represent between 15 and 20 percent of total compensation. These are dollars that employers could otherwise use for employee wages, reinvestment, or expansion, creating new employment opportunities and economic activity in our state. Beyond the opportunity cost, the volatility of year-over-year health care price increases makes budgeting exceptionally difficult, compounding challenges in an already strained economic environment.

This dynamic further erodes Oregon's business competitiveness and forces businesses to consider difficult tradeoffs, requiring them to absorb costs and sacrifice growth or reinvestment in their

employees. Employers work hard to shield their employees from rising health care costs. However, once costs reach an unsustainable level, businesses face exceptionally difficult decisions. They may have to decide whether to relocate or expand to states with more favorable cost structures, limit wage increases or new hiring, or, as a last resort, reduce benefits or pass costs onto employees; there are choices no employer wants to make.

Employees are also affected by increased health care costs. According to a 2024 NBER study, a 1 percent increase in health care prices lowers payroll and employment at firms outside the health care sector by approximately 0.4 percent. Employees have delayed or avoided care because of high deductibles, and medical debt is one of the leading causes of personal bankruptcy in the United States. When employers cannot afford to offer competitive benefits, Oregon loses talent to other states. Additionally, when businesses are forced to close or move elsewhere due to unsustainable health care costs combined with an already burdensome tax and regulatory environment, communities lose their economic competitiveness and vitality.

Addressing this challenge will require an honest evaluation of the cost drivers in Oregon's health care system, acknowledgment that we must stop contributing to the problem, and a willingness to revisit programs and policies that exacerbate Oregon's affordability challenges. Failing to act will only weaken Oregon's business environment, discourage investment and job creation, and drive talent to other states. By setting these conversations in motion now, we can ensure that Oregon is again a place where businesses and families can grow and thrive.