

# MEASURE 101

## AGAINST

### Measure is an unfair tax on health care

On Jan. 23, voters across Oregon will consider a very simple question about one of the most complex and expensive services the state provides its citizens.

The question isn't whether we should fund Medicaid, Oregon's low-income health care system. As lawmakers we have proven vote records supporting Medicaid. Both personally and professionally, we believe the Oregon Health Plan is a critical part of the social safety net, providing needed services to low-income seniors, children, and disabled patients.

No, the real question for voters is whether you believe legislators crafted a fair, equitable, and sustainable way to fund Medicaid. Lawmakers taxed some people's health care, but left wealthy corporations, unions, and insurance companies who can all afford to self-insure, exempt from chipping in for Medicaid. Nearly 90,000 Oregonians disagreed with the Legislature and signed a petition so you could vote on whether Oregon should tax other people's health care premiums and hospital services.

Know this: A "no" vote on Measure 101 will not upend the health care of 350,000 Oregonians. Financially, the scare tactic numbers you're hearing from pro-tax special interests who are pumping millions of dollars into the "yes" campaign just don't add up. Serving 350,000 Oregonians with Medicaid at an average of \$430 per patient per month paid to Oregon's 16 coordinated care organizations costs taxpayers an estimated \$3.61 billion of state and federal resources. Measure 101's



Julie Parrish



Cedric Hayden

repeal doesn't even come close to that amount.

Measure 101 repeals only \$330 million of a \$13.69 billion budget. Uncle Sam only matches state Medicaid costs based on real case-loads. Oregonians recently learned about nearly 90,000 people who were ineligible or improperly coded into Medicaid, costing taxpayers hundreds of millions of wasted health care dollars. As eligibility continues to decline due to a growing economy and a higher minimum wage, it means we'll need less state revenue to fund Medicaid.

Measure 101 unfairly balances \$330 million of the Medicaid budget on the backs of individuals and organizations that can least likely pay the new 1.5 percent health care sales tax — individuals, small businesses, nonprofits, college students and even our public schools.

In fact, \$25 million of these new taxes are going to come right from Oregon's classrooms because our public schools buy taxable insurance plans in the large group market. The Beaverton school superintendent said in a Dec. 20, 2017 email to his staff that the tax would impact the Beaverton School District budget by \$540,000 per year. That's the equivalent of funding six teachers. Can your community afford to lose educators at a time when

Oregon's graduation rates are low, our class sizes are high, and our absenteeism is the worst in the nation? We don't think that's a responsible way to fund Medicaid.

Proponents tout a "reinsurance" program that brings down rates as a reason to vote "yes." Their rationale: tax everyone's insurance and then give a windfall to insurance companies to bring down the cost for only some individuals. Yet individual markets saw rate increases go up as high as 21 percent before the tax. However, even that windfall didn't prevent Regence from leaving 15 counties in Oregon and creating counties where one insurer has an entire insurance monopoly. Small businesses, nonprofits and our schools will see no benefit of a reinsurance program, but they'll shoulder the cost.

If we need to raise money for Medicaid, shouldn't everyone have skin in the game? Yet groups with lobbyists, making campaign contributions, found a way to be exempted. What makes this whole thing even more egregious is how insurance companies successfully lobbied for their own sweetheart deal. If Measure 101 passes, insurance companies will have statutory authority to pass health care taxes to consumers.

Moreover, taxing net revenues of our hospitals means higher hospital costs overall for patients. A senior who has hospital expenses not paid for by Medicare will see higher copays as the hospitals will be forced to pass an untenable tax along to you.

Don't be fooled by proponents who claim Oregonians will lose health coverage if

you vote "no" on Measure 101. As petitioners, we didn't refer all of House Bill 2391, meaning hundreds of millions of dollars for Medicaid are operable now. Moreover, the economic impact of serving 350,000 Oregonians with expanded Medicaid actually generates over a half billion dollars in state and local tax dollars from the 38,000 health-care jobs it creates.

An alternative bill is drafted and ready for 2018, just as alternatives were offered during the 2017 session. We weren't saying "no" to taxes, merely pointing out that taxing other people's health care won't make health care cheaper.

For too many families, health care costs more than their rent or mortgage. Small businesses can't handle another tax or mandate from the Legislature, especially when their larger competitors who can afford to self-insure won't pay a dime to shoulder the cost of Medicaid under Measure 101. That kind of unfair competitive advantage favoring the large corporate coffee shop may just put your local one out of business.

Oregonians expect tax fairness, and they want good health care. We can have both, but not if pro-tax special interests win the day. Vote "no" on Measure 101, and demand the Legislature pass an equitable Medicaid funding plan.

*Rep. Dr. Cedric Hayden is a Medicaid dental practitioner, and vice chair of the Oregon House Healthcare Committee serving House District 7. Rep. Julie Parrish serves District 37 in the Oregon House, and served a term on the House Healthcare Committee.*

## FOR

### Hospitals, medical professionals back ballot measure

It's a critical moment in Oregon for ensuring that we all have access to affordable health care. Voting YES on Measure 101 on Jan. 23 is one of the most significant things you can do to keep affordable health care accessible — especially for kids, seniors and people with disabilities.

Well over 10 percent of our region's population depends on Medicaid for health care. These are our friends, families and neighbors who would otherwise go without needed care.

During the past legislative session, state lawmakers crafted a balanced law to fund these vital insurance programs. The law had the support of the entire health care community — doctors, nurses, hospitals and beyond. Now voters are being asked to weigh in on the package on Jan. 23, and those same doctors, nurses and hospitals are asking for a YES vote on Measure 101.

For the past 15 years, I've had the opportunity to work with our health care professionals at Columbia Memorial Hospital. Like all the doctors, nurses and caregivers at the hospital, I know firsthand how important accessible and affordable health care is to our local community.

Just a few years ago, people without insurance

were forced to rely on the Emergency Department for their basic health care needs. Today that doesn't happen as much, because so many more people have insurance

and access to the primary care providers they need. Fewer trips to the Emergency Department also means lower costs for all of us, because people get the care they need from the doctor's office or urgent care center, instead of the high-cost Emergency Department.

A YES vote on Measure 101 protects health care coverage for one in four Oregonians, including 400,000 kids, and holds down costs for all of us. It creates a fee on insurance companies, hospitals, and managed care organizations to make basic health care affordable and accessible to every Oregonian. No one in Oregon should have to wait to go in for needed health care or have their only access point be an Emergency Department. With this law, more hard-working Oregonians will be able to afford the health insurance they need.

Please join me, and thousands of health care professionals across the state, in voting YES on Measure 101.

*Erik Thorsen is CEO of Columbia Memorial Hospital.*



Erik Thorsen

## VOTER PRIMER ON BALLOT MEASURE 101

By CLAIRE WITTHCOMBE  
Capital Bureau

On Jan. 23 Oregon voters will have a chance to weigh in on Measure 101, helping decide how the state pays for its Medicaid program.

President Trump noted earlier this year that "nobody knew that health care could be so complicated" and this measure, which deals with insurance premiums, managed care organizations and federally regulated hospital taxes, is not an easy read. Here are the basics:

• **When do I need to understand this?** Ballots will be mailed to voters between Jan. 3 and Jan. 9, according to the Secretary of State's Office. Ballots must be received by elections officials by 8 p.m. Jan. 23.

• **Why is this on the ballot?** This summer, Democrats in the Oregon Legislature pushed through a bill providing temporary funding for the state's Medicaid system. Three Republican lawmakers — State Reps. Julie Parrish of West Linn, Cedric Hayden of Roseburg and Sal Esquivel of Medford — decided they wanted to refer parts of the law to voters. They led a petition campaign to gather signatures and are now urging voters to vote "no" on the measure, which would repeal those parts of the state's Medicaid law.

• **Remind me. What's Medicaid?** Medicaid is a government health care coverage program for the poor and other qualifying groups. Oregonians earning up to 138 percent of the federal poverty level (\$16,100 for an individual; \$32,900 for a family of four) are eligible for the program. In Oregon, the Medicaid program is known as the Oregon Health Plan and covers about 1 million people, including 400,000 kids.

• **How is the Oregon Health Plan financed?** Both the state and the federal government pay for it with public funds, but the federal government picks up most of the tab. Plus, hospitals, insurers and coordinated care organizations all pay taxes — described in the measure as "assessments" — to the state. Oregon uses that money to get matching funding from the federal government.

• **How much do hospitals pay?** Hospitals pay a 5.3 percent assessment on net revenues, which, once matched by the feds, is returned to them as a group and redistributed. Under the state law passed earlier this year, they also pay a .7 percent assessment on net revenues that is not returned to them, but put into a state fund for health care.

• **What does a "yes" vote mean?** A "yes" vote means you want the state to impose and keep the nonrefundable .7 percent assessment on hospitals, as well as assessments on insurers, the Public Employees Benefits Board and coordinated care organizations — regional networks of OHP providers.

• **What does a "no" vote mean?** A "no" vote means you wish to repeal the nonrefundable .7 percent assessment, and the assessments on insurers, the Public Employees Ben-



Joshua Bessex/The Daily Astorian

The Columbia Memorial Hospital emergency room in 2014. Fewer patients without health care insurance are relying on the emergency room when they fall ill, according to CEO Erik Thorsen.

efits Board and coordinated care organizations.

• **How does this ballot measure affect people on the Oregon Health Plan?** Hundreds of thousands of Oregonians gained Medicaid coverage under the Affordable Care Act, which allowed states to provide coverage to people making up to 138 percent of the federal poverty level. As of November 2016, about 366,000 people were eligible for OHP under the Affordable Care Act.

Previously only those making up to 100 percent of the federal poverty level were considered eligible. But that group, earning between 100 percent and 138 percent of the federal poverty level, isn't legally required by the federal government to be covered by states.

Supporters of Measure 101 say that if it fails, the Legislature could decide to cut those people from the health plan to save the money that the state government won't be able to collect.

• **If the measure fails, would lawmakers have to cut the health plan budget?** No, but proponents note that faced with funding gaps in the past, lawmakers have knocked people off the Oregon Health Plan. "If you are a Medicaid recipient, this is about whether you have access to your health care," said Jessica Adamson, a lobbyist for Providence Health & Services, which is backing Measure 101. "This is about whether or not the funding is there to fully fund this program. Anything else

besides Measure 101 is a gamble. There is no Plan B."

Opponents counter that state legislators can find that money elsewhere in the budget to cover those people. "This ballot measure isn't about whether Medicaid is good or bad," said Parrish, the lawmaker urging a "no" vote. "It's about whether we picked the right funding mechanism to pay for it."

• **I buy my own insurance. Does this affect how much I pay?** Yes. Under the law, insurers will be assessed a 1.5 percent of gross premiums earned.

Premiums on the individual market could increase by 1.5 percent because the legislation allows insurers to increase premiums by up to that amount to offset the tax that they'll be paying, opponents say.

• **So if the tax fails, my rates won't go up?** Not necessarily. Supporters of Measure 101 say that expanded Medicaid coverage reduces demands on costly emergency care. It also funds a program called reinsurance that is designed to hold down rate increases in premiums for people who buy their own insurance.

It essentially acts as insurance for insurers, providing a pool of money to reimburse insurers part of the cost of very expensive procedures. In 2018, the program is holding rates in Oregon's individual health insurance market, on average, 6 percent lower than they would be without reinsurance, according to the Department of Consumer and Business Ser-

vices. That's about \$300 less per year, according to the "Yes on 101" campaign.

• **I get insurance through my employer. Does this affect how much I'll pay?** If you work for a business with 50 employees or fewer, neither outcome of the measure likely will affect your rates in 2018, but likely would in 2019.

Since 2018 rates have already been approved by the Oregon Department of Consumer and Business Services, the Legislature would have to take action to change those rates.

Insurers in the small group market would pay the 1.5 percent tax on gross premiums earned.

• **What about big employers?** For Oregonians who are covered through an employer with more than 50 employees, insurance costs will likely not immediately change due to either outcome of the measure, either. The state doesn't regulate rates for large employers.

Some large employers go out and buy plans from insurers. The state doesn't regulate rates for those types of plans, but it does regulate benefits, the way policy contracts are written and the financial solvency of companies offering plans. Those insurers who provide plans in the large group market will pay the 1.5 percent assessment as well if Measure 101 passes.

• **My company is self-insured. What can I expect?** Some companies — usually bigger ones — self-insure and get plans through what's called a third party administrator. About 790,000 Oregonians are enrolled in a plan through a self-insured employer, according to the Oregon Department of Consumer and Business Services.

The state doesn't regulate any part of those plans due to federal law. Self-insured employers are exempt from paying the state tax on the premiums specified on the ballot.

• **How much does all of this cost?** Oregon's Medicaid program costs \$9.3 billion in state and federal funds per year, according to the Oregon Secretary of State's office.

If the measure is overturned, legislators would face an \$840 million to \$1.3 billion hole in the Medicaid budget, a figure that includes both state and federal matching funds.

• **How does this election affect people on Medicare?** Measure 101 will not have an effect on Medicare coverage. Medicare, the health care coverage program for people age 65 and older, is funded solely by the federal government and would not be affected by changes in state policy.

• **What about Tricare?** Tricare, the health insurance program for military members, will not be affected by the insurance tax.

• **Will the outcome of the vote settle this issue?** No. If Ballot Measure 101 fails in January, legislators will have to re-balance the budget during the February special session. But even if the measure passes, the funding provisions expire, meaning lawmakers would be debating this again in 2019.