

Provider tax referral puts \$333M in play

By **CLAIRE WITHYCOMBE**
Capital Bureau



Courtesy of Oregon Department of Transportation

If a referral of portions of the health care provider tax goes on the ballot, the state could forgo as much as \$333 million in expected revenue unless the measure is approved by voters.

“Truth is, I’m trying to save us from a big blow-up in Medicaid.”

— **Rep. Cedric Hayden, R-Roseburg**

- A 1.5 percent tax on premium equivalents paid for public employee health plans to the Public Employees Benefit Board, which oversees health benefit plans for some of the state’s public employees.

- A tax on insurers — calculated as 1.5 percent of gross premiums earned.

- A section of the law that says that insurers can increase premiums on policies by 1.5 percent.

- A 1.5 percent tax on managed care organizations — also called Coordinated Care Organizations, or CCOs — the networks of health care providers who serve patients on the Oregon Health Plan.

- A 0.7 percent “true tax” on net revenues of certain hospitals.

Parrish argues the controversy over House Bill 2391 and its possible referral is merely the most recent in a series of issues in state health care policy, including the state’s failed attempt at its own insurance exchange and hiccups in redetermining individual eligibility for the Oregon Health Plan.

Part of the petitioners’ strategy: brand the tax as a “sales tax on health care.” In Oregon, where voters seem to relish the fact that there is no state sales tax, that framing may prove effective.

Rayfield criticized what he called the referral effort’s

“manipulative tactics” and accused Parrish and Hayden of playing politics with Medicaid.

He believes the hospital “true tax” will not get passed on to consumers, and says that insurance premium taxes were previously agreed upon by the Legislature to fund an earlier program for children’s health that was made obsolete by the Medicaid expansion. That left “head room” for the state to use that funding mechanism again, Rayfield said.

The Corvallis Democrat also argues that should the referral be successful and the specific aspects of the legislation get voted down, legislators would have to find new revenues or make cuts to the health services that the program covers.

Hayden, a dentist who provides care to patients on Medicaid, contends the state won’t kick people off Medicaid even if the referral is successful, given how much money the program’s expansion has brought into the state.

“Truth is, I’m trying to save us from a big blow-up in Medicaid,” Hayden said. “And I think the referral would force this to come back to the legislature and come up with a plan that doesn’t put us at risk.”

Instead, he has proposed using OHA’s reserves and increasing existing assessments rather than the new taxes. Rayfield charged that Hayden’s plan doesn’t add up, and that it lacked bipartisan support in the Oregon Senate.

The Capital Bureau is a collaboration between EO Media Group and Pamplin Media Group.

EXTENSION: Voters will have the final say on special district

Continued from 1A

Mary Corp, who serves as both the regional administrator for OSU Extension and director at CBARC, said the districts would add much-needed sustainability to the budget. Twenty-five of Oregon’s 36 counties already have extension districts in place.

Both county boards of commissioners would oversee the districts and set their budget committees, constituting three citizens and three commissioners.

Corp said they are aiming for May 2018 to place the district on the ballot, though it will be a long process going forward.

First, OSU Extension must convince Umatilla and Morrow county commissioners to approve an order initiating the development of a special district. Then, Corp said they will be looking to get resolutions of support from all 17 incorporated cities across the two counties.

Voters will have the final say, and though new taxes are never the most popular choice, Corp said she is confident in the communities’ support for OSU Extension.

“People really see a lot of value in the work we do,” Corp said.

As it stands, OSU Extension is already supported in part through general fund dollars from both counties. In their most recent budgets, Umatilla County will be contributing \$321,090 while Morrow County has earmarked \$167,065.

Still, Corp said funding is on the decline due to cuts in state and federal funding. That has left OSU Extension without the ability to fully staff programs or address new needs.

An advisory group consisting of eight different stakeholders started meeting about a year and a half ago to go over their options, and they decided

“It’s one of those things where the return on investment is many times over. We’re talking high-value operations that require a high level of sophistication. That’s the return we’re getting from cooperative extension.”

— **George Murdock, Umatilla County commissioner**

in May that a service district would be the best choice to generate long-term stability.

The agricultural research stations, meanwhile, are also finding themselves scraping for funding. Back in 2008, the university decided that 25 percent of each station’s budget must come from local dollars, and since then Corp said CBARC has received a block grant worth \$250,000 from the Oregon Wheat Growers League.

“If I didn’t have that block grant coming in, I would be in the red,” Corp said.

However, Corp said the Wheat Growers League no longer has the money to continue that level of support as wheat prices and acreage decline.

“They’ve told me they see this (grant) sunset very soon,” she said.

At HAREC, director Phil Hamm said he has also had to go fundraising for as much money as he can just to keep the doors open. Some dollars have come from the Oregon Potato Commission, and some from local growers.

“It’s been a pain in my neck to go out and search for dollars,” Hamm said.

An extension district would ensure the facilities remain in shape, Hamm said, with substantial economic rewards for the region. Agriculture contributes roughly a half-billion dollars in farm gate value for both Umatilla and Morrow counties, and that total increases to \$1 billion if you add in the value from trucking and food

processing.

OSU Extension helps to keep the industry thriving with programs and research, Hamm said.

“We have provided what our stakeholders would say is very important information for what they do,” he said.

OSU Extension will make its initial pitch to Morrow County commissioners on Wednesday, July 19. The same presentation will also be given to Umatilla County commissioners, though a date has not yet been set.

Don Russell, Morrow County commissioner, said Corp has already met with each commissioner individually. Initially, he is in favor of the district but has some questions about whether the state will pull additional funding if it moves forward.

George Murdock, Umatilla County commissioner, said the county is extremely supportive of OSU Extension.

“It’s one of those things where the return on investment is many times over,” Murdock said. “We’re talking high-value operations that require a high level of sophistication. That’s the return we’re getting from cooperative extension.”

Hamm said the district would be beneficial across all sectors of extension, from farmers to families with children in 4-H.

“It’s nice to see all these folks appreciate what we do,” he said.

Contact George Plaven at gplaven@eastoregonian.com or 541-966-0825.

BOUNDS: Vetting process can take months

Continued from 1A

Trump’s pick for Supreme Court, Neil Gorsuch, Bounds is a member of the Federalist Society, a group that aims to get conservative lawyers into judgeships. He just turned 44.

Because of Bounds’ relative youth, Walden wrote in a Jan. 25 letter to Trump, “he is ideally situated to cement your legacy as president by serving on the court for decades in the future.”

But it’s been nearly six months since Walden recommended Bounds and McLane, and Trump, in his first rounds of judicial and U.S. attorney nominations, floated nobody for the Oregon jobs.

Vetting can take months. Critics say the new administration has been slow to get its act together, and some people accuse Democrats of throwing up roadblocks in Washington, D.C.

And yet the delay has nevertheless caused questions to start to swirl in local legal circles: Will Bounds and McLane actually be nominated, or are they not the shoo-ins they were thought to be? Might the White House be looking at other, more experienced candidates, like federal Judge Michael Mosman or incumbent U.S. Attorney Billy Williams, for those jobs?

Walden’s office declined to comment. But a spokeswoman for Sen. Jeff Merkley, D-Portland, said the delay is not on his end, adding that the White House has barely started to engage in the customary consultation with the state’s senators over such picks.

“Sen. Merkley plans to

use the same process for judicial nominations that has served the state well for years: having a panel of respected attorneys interview candidates, review their records, and make recommendations,” the spokeswoman, Sara Hottman, said in an email on Tuesday. “Sen. Merkley has communicated that to the White House and to the Judiciary Committee, and has been clear he cannot commit to signing off on any nominees who don’t go through that process.”

“Sen. Merkley has a call with the White House counsel today,” she added. “The call is the first time in six months the administration has reached out on the subject of U.S. attorney nominations, so it is not accurate to blame ‘Democratic foot-dragging’ on the delay in finding replacements.”

A spokesman for Sen. Ron Wyden, Oregon’s ranking Democrat, echoed that message. “Sen. Wyden is working with Sen. Merkley and Congressman Walden on developing a process that provides the fairest and best opportunity to forward good candidates for these posts.”

The appeals court sits one rung down from the U.S. Supreme Court and holds many of the same powers, making rulings and setting precedents that guide the interpretation of federal laws in states on the West Coast as well as Arizona, Idaho, Nevada, Hawaii, Montana and Alaska. Oregon typically has two seats on the 29-judge circuit.

In such picks, connections often outweigh credentials, politically active

lawyers say. But supporters of Bounds say the Yale Law School graduate has both.

“He’s got a keen grasp of what the law is and what the law says. ... He’s a brilliant guy, but he’s not an egghead,” said Kristian Roggendorf, a local lawyer and friend of Bounds who heads the Oregon branch of the Federalist Society.

If Trump does decide to go with a more proven judge, the other name that has come up in speculation for the Ninth Circuit appellate post is Michael Mosman, the former U.S. attorney for Oregon and the state’s chief federal judge.

Even defense lawyers, typically a liberal bunch, begrudgingly say Mosman is a very good jurist. His fans, however, say he’s great.

“He’s just a marvelous judge ... nothing short of unbelievable,” said former federal prosecutor John Deits. “He is the perfect choice for that job. He’s just amazingly smart, amazingly experienced.”

Whoever is picked would replace Appellate Judge Diarmuid O’Scannlain, who took senior status, essentially semi-retirement, on Jan. 1. He was considered among the most conservative judges on the Ninth Circuit, and Bounds is expected to follow in his footsteps, as a devotee of the “originalist” legal philosophy embraced by late Supreme Court Justice Antonin Scalia.

Mosman, nominated by former President George W. Bush, also is a conservative. He has a reputation for making government lawyers prove their case, and is not considered a purist.

Mosman and Bounds declined to comment.

STORE CLOSING SALE!

JCPenney

THIS STORE IS CLOSING!

PRICES SLASHED AGAIN!

75-90% OFF

ORIGINAL PRICE

ENTIRE STORE!*

*EXCLUSIONS MAY APPLY. VALID IN-STORE ONLY.

SAVE ON EVERY ITEM IN EVERY DEPARTMENT EVERYTHING MUST GO! NOTHING HELD BACK!

124 S MAIN ST
PENDLETON, OR 97801

STORE FIXTURES & EQUIPMENT FOR SALE

SEE MANAGEMENT

JCPENNEY COUPONS CANNOT BE USED FOR CLOSING STORE PURCHASES. ALL SALES FINAL. NO RETURNS, REFUNDS OR EXCHANGES ACCEPTED. OFFERS VALID AT THIS LOCATION ONLY. DUE TO THE NATURE OF THE SALE, ADS, COUPONS AND DISCOUNTS FROM OTHER JCPENNEY STORES WILL NOT BE ACCEPTED DURING THIS EVENT. ITEMS AT JCP.COM ARE EXCLUDED FROM THIS OFFER. INTERMEDIATE MARKDOWNS MAY HAVE BEEN TAKEN.

ROP5-01-3880-0