BAKER CITY Herald

Opinion

WRITE A LETTER
news@bakercityherald.com
Tuesday, October 4, 2022 • Baker City, Oregon

EDITORIAL

Can state save $2 billion on health care?

The heroes of the plan for single-payer health care in Oregon are government employees. Government employees will supposedly save more than $2 billion in costs by replacing much of the existing health insurance industry with themselves.

The idea is profit margins would be removed. Less might be spent to process claims. Much of the work on billing and insurance would go away.

Can state employees pull that off?

A state task force is deciding whether to recommend a plan to the Legislature to do what has not been done in any other state — have the state government become the health insurer. The targets are better care, more coverage of more people and better control of costs.

Everybody would be covered, including undocumented immigrants. The coverage would be roughly equivalent to what many public employees get now. The state system would be basically the only care available in the state.

You would not pay a premium. You would have a deductible and you wouldn't be paying co-pays when you go see the doctor.

But you and your employer would pay.

There's recently been a change in the draft plan. The task force isn't going to recommend a specific strategy of taxes to pursue to pay for the plan. That could make it easier for people to support the plan, including legislators, because it doesn't have a tax plan directly attached to it.

But that may also be somewhat misleading. The plan is going to need billions in revenue to pay for it. Where might it come from?

The task force identified two new taxes.

One is a new health care income tax that households would pay. It "would be based on household income relative to the federal poverty level." Households below 200% of the federal poverty level would pay a tax rate of 0%. Households earning 200% to 250% of the federal poverty level would pay a rate of 1%. The rate climbs gradually at first and then jumps up to 8.2% above 400% of the federal poverty level.

To give you a sense of what that might mean for your family, 200% of the federal poverty level for a family of four is an income of $55,500 in 2022.

The health care income tax would raise an estimated $7.6 billion in 2026. The task force claims that paying that tax and Medicare premiums would be less than the premiums, deductibles and copays households are estimated to pay if the current system stayed in place in 2026.

The second new tax is a new tax on payroll. Employers would pay it. Self-employed people would pay it.

The tax rate would be based on employee wages. Below $160,000 in wages a rate of 7.25% would be paid. On wages above $160,000 a rate of 10.5% would be paid.

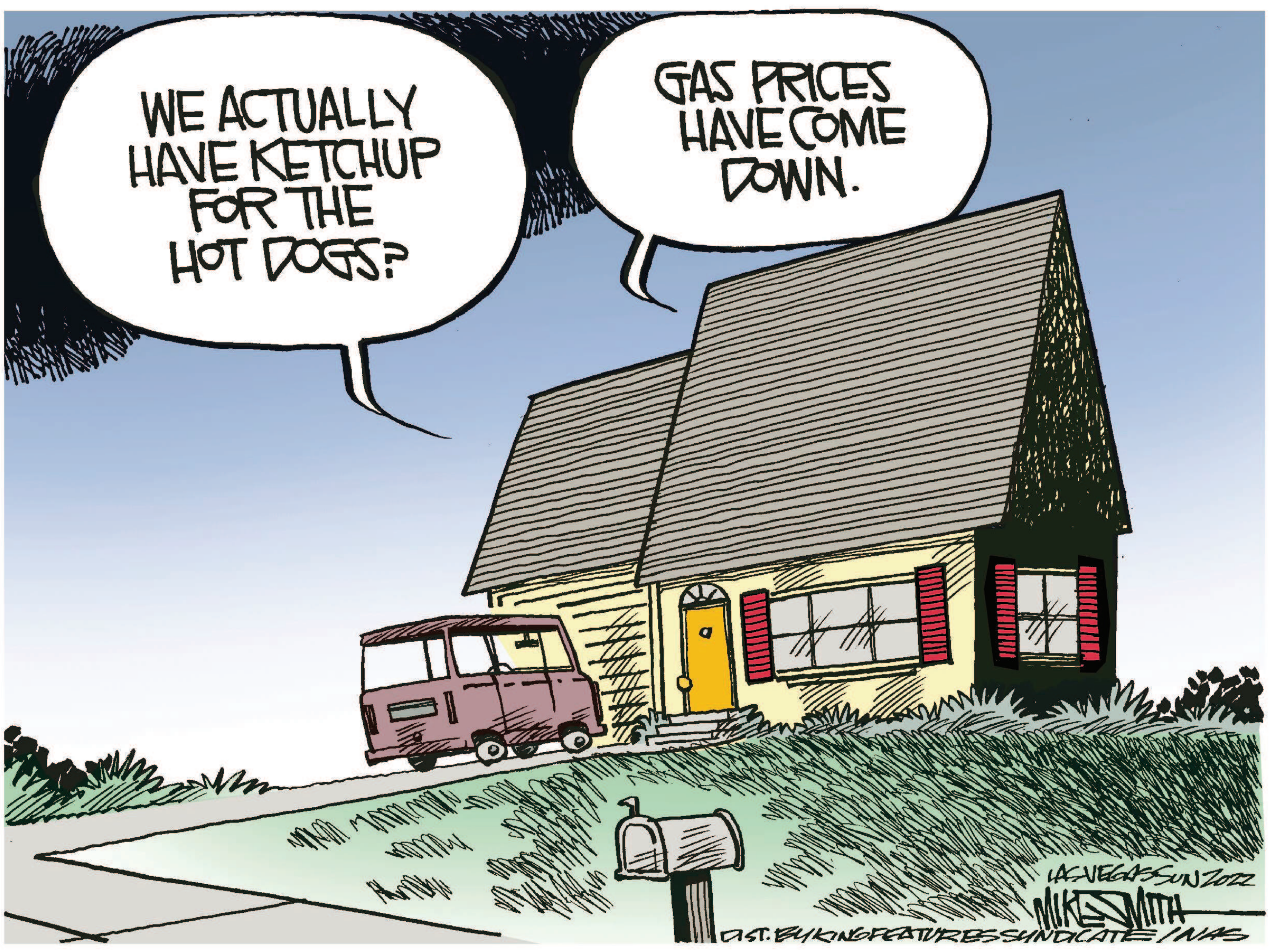
That tax is estimated to bring in $12.3 billion in 2026. It is estimated to be slightly less — $170 million less — than what employers would pay for health care if the current system remained in place in 2026.

Before Oregon would be ready for a change like this, some things are going to have to happen.

Legislators would have to feel like Oregonians want it. And for that to happen, Oregonians would have to be comfortable switching from the imperfect health care system they know to a system with billions of dollars in new taxes and put their trust in government employees to be the health care heroes to save billions and make it all work right.

You can read the draft plan here: tinyurl.com/ORsinglepayer.

Unsigned editorials are the opinion of the Baker City Herald. Columns letters and cartoons on this page express the opinions of the authors and not necessarily that of the Baker City Herald.



YOUR VIEWS

Reasoned leadership needed at county

I am successfully self employed. I have learned from observation and experience that it is the job of each individual to improve upon their own financial position in life. Contrary to what the present "nanny state" would have to believe; it is not the job of government to be a panacea for your problems. The Biden administration has betrayed you with his demented style of economics and resultant unprecedented spending and consequent inflation. He has basically bankrupted this country in under two years. Do you really want the government to control your future? Really?

If you do, plan on living in poverty, and being sparsely fed, watered, and housed by this disastrous socialistic administration. As Ronald Reagan so aptly said "You are not the problem, government is the problem." Even John F. Kennedy, elected by the once recognizable Democratic Party, said, "Ask not what your country can do for you; ask what you can do for your country." Only hard work will give you a financial future, affordable housing and personal success. Are you making low wages? It may require you to live in shared housing to get ahead, and stop spending precious little income on cigarettes, alcohol, tattoos, and the newest smartphones. Make a plan to increase your marketable skills to increase wages; save and work hard at your goals. Financial freedom requires work!

Locally, we have a RINO running for Baker County Commission Position No. 3, who openly wants you to increase your dependency on the nanny state. Rather than have you increase your income, dignity, and self sufficiency. He wants your peers to pay for your housing. We don't need Portland style leadership, nor do we need to keep spending public money that we don't have. Just look at the result. Read the literature on the candidates. I did. On November 8, I'm voting for Dan Garrick. He is your only reasoned conservative choice. Please give him your vote.

Darin VanDyken
Baker City

Republican press release gave accurate account of meeting

I'm a longtime Republican PCP who regularly attends the Oregon Republican Party state central committee meetings. I have worked on various projects with Suzan Jones and her team for the last 5-6 years.

I watched on Sept. 24 as Danny Johnson and Doni Bruland disrupted our meeting in The Dalles and walked through the various county contingents badmouthing the duly elected contingent from Baker County. There is no room for this kind of behavior in our meetings. The credentialing team voted 7-0 that Johnson and Bruland were not duly elected in Baker County. They had violated many tenets of the county bylaws.

Suzan Ellis Jones and her team are known throughout the state as being some of the most effective, knowledgeable leaders in our party. It was very clear that these "newly elected" agitators had no working knowledge of how our political system or our party works. What an embarrassment!

Your recent article in the Baker City Herald gives a very distorted and inaccurate view of what really happened. I hope that you will print the actual press release put out by the Baker County Republicans because it is accurate information. There were over 100 people there that can verify the accuracy of the press release.

Carol Williams
Silverton

Saying thanks to all the helpers after house fire

We are writing to say how grateful we are for the wonderful response of this community to our recent house fire.

The Baker City Fire Department's quick arrival greatly limited flame advance, starting with a blast of water from the street that quenched a lot of fire in the living room, and seeing it though to extinguishment.

This was followed by the Red Cross, Baker medics, the city manager, the fire marshal, and a wave of concerned friends and neighbors, with gifts of clothing, materials to board up the vacant windows, places to stay, and so much more.

This all reminds us of the widely known quote from Mr. Rogers: "When I was a boy and I would see scary things in the news, my mother would say to me, 'Look for the helpers. You will always find people who are helping.' "

Thank you, Baker City helpers!

Marshall McComb and Donna Landon
Baker City

COLUMN

How the Fed is flattening your wallet

BY E.J. ANTONI

A common sound bite today is that the Federal Reserve's recent interest rate hike is pushing the nation toward recession. But that's like beginning a book on page 813. The origin of today's economic malaise is prolonged and massive federal budget deficits, combined with a Fed willing to finance those deficits. That's precisely what we've seen for the last two years.

Many on the political left flat-out deny this reality, but many on the political right misunderstand what's happening as well. The combination of fiscal and monetary policy is subtler and more complex than simple but shallow political talking points.

One such hackneyed phrase is that the Fed "sets" interest rates. Not exactly. The Fed sets the rate it charges for short-term loans to financial institutions, but it can only target other rates outside of its direct control. That means the Fed acts to influence rates, not set them, with the most watched interest rate being what banks charge each other for short-term loans.

The Fed influences this rate by buying and selling financial securities (debt instruments). When everyone else buys and sells those same securities, money merely changes hands, but when the Fed does it, money is created or extinguished.

This phenomenon occurs because the Fed's monetary account has no balance in it, so when the Fed writes checks from its account, the money is literally created, like cash off a printing press. Likewise, when money enters the account from outside, the money vanishes, like cash going into a fire; the account's balance is perpetually zero.

By this mechanism, the Fed can theoretically flood the market with cash in times of crisis, avoiding panic-inducing bank runs. Likewise, the Fed can then soak up that excess liquidity as soon as financial markets have stabilized, avoiding inflation.

But today's Fed lacks the discipline to turn the theory into reality.

No man can serve two masters, and the same is true for institutions like the Fed. Instead of maintaining a laser focus on inflation, it has been preoccupied with appeasing Congress and the Biden administration, kowtowing to left-wing talking points on topics like diversity. Worse still, the Fed has financed the profligate spending in Washington by creating money for two years, and that has caused inflation.

Even as the Fed dilatorily acts to douse the inflation fire it started, it is working at cross-purposes to continue federal deficit spending. That's because the Fed is targeting interest rates and not inflation rates — another subtle difference.

As the federal government continues racking up debt, it is constantly borrowing billions of dollars, draining that money out of capital markets. As savings (loanable funds) become scarcer, their price rises; that price is known as the interest rate.

When the government borrows more money, it drives up the interest rate, and the Fed must add liquidity (print more money) to prevent interest rates from increasing above its target. Consequently, the Fed's approach of targeting interest rates in the face of mounting government deficits and debt has had a minimal impact on inflation. The Fed is robbing Peter to pay Paul.

But the Fed is slowly catching on, as it has in the past, and is targeting ever-higher interest rates in response to the never-ending borrowing by Congress and the president. Squeezing excess money from the economy will tame inflation, but the collateral damage, as it always has been under the Fed, is recession. The downturn will be borne by American families.

As interest rates rise, borrowing costs increase. When people with adjustable-rate mortgages see their monthly payments balloon to unaffordable levels, those homeowners quickly realize that they do not own their homes after all.

Foreclosures are already rising. Credit card debt, which has been growing at some of the fastest rates on record, also becomes unaffordable as interest charges on outstanding balances explode.

American families, already strapped for cash after inflation ate away their disposable incomes, now have less money left to cover ever-growing interest charges on auto loans, mortgages, credit card debt, student loans and more. Unable to afford as much as before, the consumer must reduce spending — something Washington should be doing.

Since consumer spending accounts for about three-quarters of GDP, this contracts the economy, leading to layoffs and unemployment. The unemployed have even less money to spend, exacerbating the problem. Thus, we arrive at the downward spiral, which is already underway.

Ultimately, government borrowing financed by the Fed begets higher interest rates, which in turn beget recession. The tree of a prodigal federal government is bearing its rotten fruit, and Americans will be forced to eat the bitter produce.

■ *E.J. Antoni is a research fellow at The Heritage Foundation's Center for Data Analysis and a senior fellow at Committee to Unleash Prosperity.*

CONTACT YOUR PUBLIC OFFICIALS

President Joe Biden: The White House, 1600 Pennsylvania Ave., Washington, D.C. 20500; 202-456-1111; to send comments, go to www.whitehouse.gov.

U.S. Sen. Jeff Merkley: D.C. office: 313 Hart Senate Office Building, U.S. Senate, Washington, D.C., 20510; 202-224-3753; fax 202-228-3997. Portland office: One World Trade Center, 121 S.W. Salmon St. Suite 1250, Portland, OR 97204; 503-326-3386; fax 503-326-2900. Baker City office, 1705 Main St., Suite 504, 541-278-1129; merkley.senate.gov.

U.S. Sen. Ron Wyden: D.C. office: 221 Dirksen Senate Office Building, Washington, D.C., 20510; 202-224-5244; fax 202-228-2717. La Grande office: 105 Fir St., No. 210, La Grande, OR 97850; 541-962-7691; fax, 541-963-0885; wyden.senate.gov.

U.S. Rep. Cliff Bentz (2nd District): D.C. office: 1239 Longworth House Office Building, Washington, D.C., 20515, 202-225-6730; fax 202-225-5774. Medford office: 14 N. Central Avenue Suite 112, Medford, OR 97850; Phone: 541-776-4646; fax: 541-779-0204; Ontario office: 2430 S.W. Fourth Ave., No. 2, Ontario, OR 97914; Phone: 541-709-2040. bentz.house.gov.

Oregon Gov. Kate Brown: 254 State Capitol, Salem, OR 97310; 503-378-3111; www.governor.oregon.gov.

Oregon State Treasurer Tobias Read: oregon.treasurer@ost.state.or.us; 350 Winter St. NE, Suite 100, Salem OR 97301-3896; 503-378-4000.

Oregon Attorney General Ellen F. Rosenblum: Justice Building, Salem, OR 97301-4096; 503-378-4400.

Oregon Legislature: Legislative documents and information are available online at www.leg.state.or.us.

State Sen. Lynn Findley (R-Ontario): Salem office: 900 Court St. N.E., S-403, Salem, OR 97301; 503-986-1730. Email: Sen.LynnFindley@oregonlegislature.gov

State Rep. Mark Owens (R-Crane): Salem office: 900 Court St. N.E., H-475, Salem, OR 97301; 503-986-1460. Email: Rep.MarkOwens@oregonlegislature.gov