

PERS task force solutions have uncertain future

By Claire Withycombe
Capital Bureau

A task force appointed by Gov. Kate Brown has come up with some early ideas for reducing the state's unfunded pension liability, but it's not yet apparent how far they could go.

Some proposals floated at the task force's most recent meeting Monday involve substantial policy changes, and Oregon's House Republican leader has already criticized certain proposals.

Brown, a Democrat, has asked the task force, which includes representatives from both the private and public sector, to reduce the unfunded actuarial liability of the Public Employees Retirement System by \$5 billion.

The unfunded actuarial liability is the amount by which the pension system's future obligations exceed its ability to pay.

Most of the \$24.2 billion unfunded liability has already been earned by public employees. According to a 2015 Oregon Supreme Court opinion, benefits already earned cannot be modified by the Legislature.

So the state must pay down most of that sum by cutting costs elsewhere in the budget or raising revenue.

Suggestions from the task force have included using some of the state's reserves and rethinking how certain parts of state government, such as educational institutions and the state's liquor control commission, are run or structured.

While some of the ideas task force members floated at the most recent meeting Monday involved reducing costs, such as consolidating some of the state's public universities and community colleges, many ideas involved raising new revenue to help pay off the unfunded liability, such as a placing a surcharge on liquor or on certain state-issued licenses and permits.

Some of the ideas may require legislative approval, and indications are they may face some pushback. However, the task force has about two more months before its final report is due to Brown Nov. 1, and task force meeting materials note that "there is significantly more work to do between now and then."

The governor, in turn, is expected to choose which proposals to bring to the Legislature.

A spokesman for the Oregon House Republicans voiced disapproval of some of the early proposals in a prepared statement.

House GOP Spokesman Preston Mann claimed the task force was signing on to a "myth" that the way to reduce the unfunded liability is by raising revenue and argued instead for having state employees contribute "their fair share toward their retirement accounts."

However, attempts at curtailing public employees' retirement benefits going forward stalled during this year's legislative session, despite an early session effort by state senators on both sides of the aisle.

State Sen. Mark Hass, D-Beaverton, an advocate for revenue reform, said the state has already attacked the "low-hanging fruit" when it comes to PERS, such as in 2003, when the Legislature created a new tier of retirement benefits that were scaled back from the plans offered employees who had been hired earlier.

Hass did not comment on specific proposals from the governor's unfunded liability task force, but said he believes the unfunded liability problem could be addressed with tax reform.

Despite failure of revenue reform in the most recent session, he thinks with a different approach, "evening out" the tax code could allow the state to devote more money toward paying down the unfunded liability. In particular, Hass has been critical of the volatility of the income tax — the state's primary source of general fund revenue — and its property tax structure.

Hass pointed to this session's transportation package as an example of how an agreement on taxes could be reached: a bipartisan group of legislators hosted a series of public meetings across the state and ended up with policy proposals that weren't "conspicuous" back in 2015, when an attempt at a transportation package failed during that year's long session.

"When the transportation package in 2015 was on deck, it looked a lot different and actually less ambitious than the one we actually passed," Hass said.

Hass acknowledged differences between transportation and taxes — especially when it comes to public opinion. But Hass believes legislators recognize the obstacles in place, and that they are not "insurmountable" in the face of the unfunded liability issue.

"It doesn't mean we'll just throw up our hands and never fix it," Hass said.



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Cannabis products on display at the state fair marijuana exhibit in Salem Aug. 31. A regulatory snafu prevented actual plants from being exhibited this year.

No pot plants at state fair this year

By Paris Achen
Capital Bureau

After last year's high-profile debut of award-winning cannabis crops at the Oregon State Fair, visitors this year may have been surprised by the absence of plants.

"It is extremely unfortunate because 30,000 people came to the state fair last year specifically to see the cannabis display," said Pete Gendron, president of Sungrown Growers' Guild, citing 2016 state fair statistics.

A law enacted by the state Legislature in May was intended specifically to sanction the display of marijuana plants at the annual state fair in Oregon's capital city.

"The bill allows ... compliant licensees to exhibit at trade shows," Sen. Ted Ferrioli, the bill's co-sponsor said on the Senate floor May 10. "If you remember the 2016 Oregon State Fair ... did have some exhibits. This puts it in statute, allows it and would also specifically designate the state fair a proper venue so long as they maintain full compliance with (Oregon Liquor Control Commission) laws."

Yet the OLCC, the state alcohol and marijuana regulator, issued last-minute temporary rules that effectively prevented organizers from displaying any actual plants.

The rules require organizers to submit an application and receive agency approval for any participant in an exhibit at least 28 days before the event date.

Notice of changes to the application process was sent out Aug. 17, one week before the 10-day state fair kicked off in Salem.

Last year, organizers of the cannabis exhibit displayed plants that had won awards at the Oregon Growers' Fair earlier in August.

This year, organizers displayed cannabis-sourced products from retailers. State rules prohibited any of the products from being sold or consumed at the state fair.

Part of the snafu with exhibiting plants stemmed from a transition in the authority for regulating the marijuana industry from the Oregon Health Authority to the OLCC.

"It was a system we weren't familiar with," said Mark Pettinger, OLCC spokesman.

Four marijuana exhibit events that preceded the fair were a process of trial and error while the agency refined temporary rules, Pettinger said.

"It would reasonable to assume if the state fair event is on the books next year and we have a year under belt for the industry and for us as regulators, it would go a lot smoother and be a lot easier," he said.

Donald Morse, director of Oregon Cannabis Business Council, which organized this year's cannabis exhibit at the state fair, said being barred from showing plants was disappointing, but it is part of "growing pains" for the industry and for state regulators.

"That is OK because we wanted to highlight what happens after the plants grew and how it was used in edibles and topicals so we have those items on display," Morse said.

Gendron said his guild will work make sure there is "a robust plant display at the 2018 Oregon State Fair."

OHA says it has cleared its Medicaid eligibility backlog

By Claire Withycombe
Capital Bureau

The state's health authority said Thursday that it has cleaned up its Medicaid rolls, terminating more than 54,000 people from the program.

In recent months state auditors raised concerns that Oregon Health Plan — the Medicaid program that provides health care coverage to the poor and other qualifying groups — was providing benefits to members who no longer qualified.

Oregon Health Plan patients must go through an annual process — called "redetermination" — to have their eligibility confirmed. Oregon had fallen behind on those redeterminations and by late May had a backlog of roughly 115,000 people.

Of that group, the agency announced Thursday that it found that 60,353 people were still eligible for the program.

But 22,937 plan participants were found to no longer qualify for the program, while 31,895 cases were closed due to a lack of response from the recipients.

Altogether, the agency says that the closures due to patients

no longer qualifying for the program account for less than 2 percent of the more than 1 million people on the Oregon Health Plan and will not affect the state's current two-year budget.

Auditors said in May that each Medicaid enrollee in Oregon costs, on average, about \$430 per month.

Additionally, the agency claims that all current participants are now on a "regular review cycle," and a backlog will not continue.

According to the OHA, Oregon Health Plan participants will have their eligibility re-checked automatically by the state's new system, which is an effort to integrate the eligibility determination process for various safety net programs administered by OHA and the Oregon Department of Human Services.

It seems that the Oregon Health Authority is eager to put the episode behind it. In the report detailing completion of the project, the agency pinned the backlog issue on the failure of Cover Oregon, which was supposed to be a state-run health insurance marketplace. Cover Oregon, a costly failure under

former Gov. John Kitzhaber, was also expected to perform eligibility renewals for Medicaid.

"These nearly 1 million Medicaid renewals conclude and complete the state's recovery from the failure of Cover Oregon," the report said, adding that Cover Oregon's collapse and the dramatic expansion of the state's Medicaid population under the Affordable Care Act "overwhelmed" the state's health system.

The report caps off the tenure of OHA Director Lynne Saxton, who was asked to resign by Oregon Gov. Kate Brown after revelations of a public relations and media campaign to discredit a Portland-area Medicaid provider surfaced in early August.

Patrick Allen, formerly the head of the Department of Consumer and Business Services, has been named acting director of OHA.

The news comes as a group of Oregon House Republicans continues to collect signatures

to refer Oregon's plan for funding Medicaid to the ballot.

The legislation in question, House Bill 2391, outlines assorted revenues to pay for the state's program; the petitioners want to refer parts of the legislation, such as a 1.5 percent tax on health insurance premiums, to the ballot.

Their deadline to gather nearly 59,000 signatures is Oct. 5. If the petitioners are successful, the issue will go to the ballot in a special election Jan. 23. A committee was appointed by the Oregon Senate President and Speaker of the House this week to write the ballot title.

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