



## OREGON HOUSE REPUBLICAN OFFICE

### **For Immediate Release**

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### **Cost containment effort ends not with a bang but a whimper**

*SB 1067 is heavy on studies and task forces, light on government spending reforms*

**Salem, Ore.** - House Republicans today stood in opposition to SB 1067, a so-called "cost containment" bill brought forward by Democratic leaders as one of the final policy bill of the 2017 legislative session. House Republicans argued that SB 1067 would do little to address the state's structural spending problems or provide financial stability in future budget cycles. The bill is the only cost containment measure Democratic leaders allowed to come up for a vote this session.

"When we started this session we all agreed that it was time for us to finally get our state's financial house in order," said House Republican Leader Mike McLane. "From even before the session began, Republicans said we would be willing to support revenue reform in exchange for a commitment to grow the economy and a serious effort to address our structural spending problems. Sadly, the kind of bipartisan cooperation needed to accomplish this never materialized. Democratic leaders spent most of the session seeking new ways to raise billions of dollars in new revenue and when the clock finally ran out, left us with a half-baked cost containment bill that is heavy on task forces and studies and light on actual general fund savings."

Republicans, while acknowledging that SB 1067 includes some positive provisions, argued the bill would do little to address the root causes of runaway cost drivers over the next decade. Employers costs related to the Public Employees Retirement System alone are expected to increase by nearly \$1,000,000,000 over the next two years alone. Oregon taxpayers also fund the most expensive government employee health benefits on the West Coast, with average annual health care costs exceeding those of California and Washington by nearly \$3,000 per employee.

"There are some real spending reforms included in this bill," said Representative Mark Johnson (R-Hood River). "Unfortunately, they are not nearly enough on their own. Our budget problems cannot be wished away with a couple of task forces and minor policy tweaks. Without a serious effort to rein in our cost drivers and slow the growth of government over the next decade, we are going to continually find ourselves in budget environments that prevent us from making the kind of targeted investments in our schools and other core services that we all want to see."

House Republicans were specifically critical of portions of SB 1067 that seek to establish price fixing for medical costs. They argued the provision of the bill subjecting hospitals to lower fixed reimbursement rates was tantamount to a cost shift, rather than a cost cut. The proposed policy change has been widely criticized by both Democrats and Republicans.

"The legislature already imposed a new tax on private insurance this session, and now we are imposing price controls that will shift health care costs onto working Oregonians. It is wrong to increase health care costs for the middle class already struggling to pay for healthcare to fund generous benefits for public employees and new government programs."

SB 1067 passed the House by a vote of 31-28. The bill now heads to Governor Brown's desk to be signed into law.

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