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Joint Ways and Means Committee votes to tax school districts, college students and small business health plans – large corporations exempt *Another bill kicks \$50 million “windfall” to insurance companies*

SALEM, OR. — A two-bill package architected by Democratic Ways and Means leaders increases healthcare taxes on an estimated 275,000 Oregon health insurance ratepayers. House Bill 2391 creates two new healthcare taxes. The first is a .7% tax on hospitals which will generate \$120 million. These dollars will be incurred by patients who are likely to see increased costs of hospital healthcare in order to pay for the tax. The second tax, a 1.5% insurance premium increase that is estimated to generate \$145 million, will be borne by school districts, local governments, small businesses, 217,000 insurance buyers in the marketplace, and 11,681 college students.

The second bill in their package takes money from an expiring reinsurance program and redirects it to insurance companies. House Bill 3398 was originally a bill to allocate money to a Hunger Task Force before it was gut and stuffed with a kickback to insurance companies.

“It’s unfortunate that the Medicaid package devolved into giveaway for insurance companies and a quarter-billion dollar cost shift to the people who are already struggling to pay for their own insurance coverage,” said Representative Cedric Hayden (R-Cottage Grove). “I believe we should fully fund health coverage for those who need our help. We presented a solid alternative to these tax increases, and it was blatantly ignored.”

Alternative bills offered by Representative Hayden were gaining bipartisan traction. House Bill 3467 would have prioritized full funding for the current service level of Oregon’s health plan to cover Medicaid patients using a combination of available one-time funds and a nominal increase in tobacco taxes. House Bill 3468 would have addressed how the legislature should reallocate a \$50 million dollar overage from the Oregon Reinsurance Program, sending it directly to the Medicaid budget.

“As a member of the Ways and Means Education Subcommittee, the conversation has been about how will we increase money for K-12 and higher education since those budgets currently fall short,” said Representative Julie Parrish (R-Tualatin/West Linn). “There is wide disconnect between the rhetoric on education funding from my Democratic colleagues and House Bill 2391, which they voted on today in Ways and Means. HB 2391 includes a \$21 million dollar hit to K-12 education budgets with an insurance tax on the Oregon Educators Benefit Board. It also includes a tax on PEBB plans that will be felt by college students as part of their tuition increases. And it will include a direct hit to nearly 12,000 college students who buy student health insurance plans. All the while, large self-insured corporate special interests, including hospitals and insurance companies themselves, will not be subject to these very same taxes.”

Hayden and Parrish noted that numbers from the Department of Consumer and Business Services indicate that 15,500 small group employers employing 50 people or less will be hardest hit by this tax increase. “These are the smallest of Oregon’s small businesses,” said Representative Hayden. “They’re already facing a steep minimum wage increase next month, and other employer mandates that keep driving their employment costs. At some point, these small business will be forced to either lay off workers or cut benefits to their employees.”

The bills now move on to the House Floor for a full vote. House Bill 2391 will require a 3/5 tax increase vote.

"I'm hopeful that some of the thoughtful, moderate Democrats in the House will look at these two bills for what they are and push their leadership to come back to the bargaining table. We can fully fund Medicaid, without the burden on a small group of citizens who are now being asked to foot the entire bill," Parrish said.

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