



June 14, 2021

House Committee on Revenue
Oregon State Legislature
900 Court St. NE
Salem, Oregon 97301

RE: Support for SB 164-A13

Chair Nathanson and Members of the House Committee on Revenue,

We strongly urge your support for the -A13 amendment to SB 164, which modifies the Corporate Activity Tax (CAT) by exempting receipts from public payers: Medicaid, Medicare, the Public Employee Benefit Board (PEBB), the Oregon Educators Benefit Board (OEBB), the Children's Health Insurance Program (CHIP), and the U.S. Department of Defense (TRICARE).

We support the CAT's dedicated purpose of funding public K-12 education, and by amending it, we seek to balance that goal with Oregon's health care priorities. As providers, we understand our most vulnerable community members are those covered by government payers. **However, government payers do not pay what it costs to provide members the care they require.**

Medicaid and Medicare are among our lowest paying contracts, and we have no ability to negotiate these rates. **Providers cannot pass on these costs as other businesses do.** Meanwhile, we still experience the tax on goods and services purchased from other entities. Many independent providers join together to share overhead costs, putting them over the \$1 million threshold and therefore subject to the tax. If they were to practice alone, they wouldn't be subject to the CAT, but doing so precludes many of the efficiencies that are integral to Oregon's goals around containing health care cost growth.

As a state, we should incentivize providers to participate in public assistance programs to ensure broad patient access and choice. The State of Oregon has an interest in building confidence in the social safety net as we continue to improve the health care delivery system. Therefore, we ask that you please adopt the -A13 amendment to preserve access to high-quality care in Oregon.

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Sincerely,

AllCare Health
Douglas County Independent Physicians Association
Oregon Academy of Ophthalmology
Oregon Association of Orthopaedic Surgeons
Oregon Dental Association
Oregon Medical Association
Salem Clinic, PC
WVP Health Authority