601 Pennsylvania Avenue, NW
South Building, Suite 500
Washington, D.C. 20004

T 202.778.3200
F 202.331.7487
ahip.org

April 14, 2023

Senator Kate Lieber
Chair, Senate Committee on Rules
900 Court St. NE, S-223
Salem, Oregon 97301

Re: SB 1089 – Universal Health Plan Governance Board

Dear Chair Lieber:

AHIP respectfully opposes SB 1089, which establishes the Universal Health Plan Governance Board and directs the board to implement a single-payer universal health plan. Implementing the system envisioned in this bill would mean higher taxes for hard-working families with no increased access or quality of care for patients.

Since the passage of the Affordable Care Act (ACA), Oregon has come closer than ever to achieving universal coverage. The Kaiser Family Foundation estimates that Oregon's uninsurance rate sits at 6 percent.[1] Oregon has passed several measures in the previous years to expand coverage and address affordability. This includes taking steps to address the underlying cost of care by creating the Sustainable Health Care Cost Growth Target Program, which holds all actors in the health care system accountable for containing the growing costs of health care in Oregon.

AHIP and our members stand ready and willing to pursue efforts to ensure that the Medicaid redetermination process and the implementation of the Basic Health Plan goes smoothly. We are eager to work with the state to help the remaining uninsured Oregonians enroll in the appropriate coverage, but a complete overhaul of the health care system is the wrong approach.

Favorability for our current health care system has improved as lawmakers built on our current system to lower costs and expand access to care.[2] A recent poll shows that an increasing majority of voters prefer building on what's working in health care, earning more support than any government-run health care proposal.[3] Even more voters report they are unwilling to pay more for health care to create a new government health insurance system. We should focus on improving what's working while fixing what's broken to lower costs and expand access to affordable, high-quality coverage for everyone.

Efforts to enact a single-payer health care system on a state level have proved unworkable.

States that have attempted to enact statewide government-run health care systems have found them impossible to implement on a state level.

---

1 *Health Insurance Coverage of the Total Population, 2021*. Kaiser Family Foundation.

2 *KFF Health Tracking Poll: The Public's Views on the ACA*. Kaiser Family Foundation. October 15, 2021.

3 *Voter Vitals December 2022 Edition – National Tracking Poll*. Partnership for America's Health Care Future. December 14, 2022.

In Vermont, the government had to abandon its efforts to institute a single-payer system after predicting that they would need to institute a new employer payroll tax of 11.5 percent and an individual income tax of up to 9.5 percent to finance the program, while projecting that the program would save only 1.6 percent over 5 years.[4] Former Governor Peter Shumlin argued that the current health care structure in the United States makes it difficult to enact single-payer on a state level because a vast majority of people are covered through employer-sponsored insurance, which is tax deductible.[5] It is difficult, he noted, to transition those people to a single-payer system because they are reaping more benefits under the current system, and their taxes will increase substantially under single-payer. He believes that no state can implement a single-payer system without substantial federal reforms.

In 2016, Coloradans defeated Amendment 69, a ballot initiative to enact a single-payer system. The initiative included new taxes for employers and individuals, which would have nearly doubled state government spending.[6] The Colorado Health Institute predicted that the program would slide into ever-increasing deficits unless taxes were increased because the program's revenues would not be sufficient to keep up with increasing health care costs.[7]

In addition, to implement a single-payer system like the one envisioned in SB 1089, the state would have to apply for numerous waivers from the federal government relating to Medicaid, CHIP, Medicare, and the commercial market. A 2017 RAND study of options to finance health care in Oregon found that no federal waiver authority exists to implement a single-payer program for multiple market segments.[8] None of the existing federal waivers are meant to implement this type of system and it is unknown whether the federal government would approve waivers for such an effort or fund such a broad expansion of state government-run health care coverage.

In addition to our fundamental opposition to the adoption of a single-payer system, AHIP is also concerned that SB 1089 creates a Governance Board and allows the state to overhaul the current health care system without legislative consideration of the funding and new flexibilities from the federal government needed to implement such a program.

Government-run health care systems will raise costs for consumers and employers.

Under government-run health care systems, the government is the sole financer of health care services. Significant new taxes will be needed to fill the financial gap left by the elimination of market-driven health care premium dollars, and other cost pressures endured by the health delivery system as well. Experience and research show that that eliminating a market-driven system is ripe for cost overruns, which then necessitates more funding through higher taxes.

---

4 McDonough, John. *The Demise of Vermont's Single-Payer Plan*. New England Journal of Medicine. April 23, 2015.

5 Interview with Governor Peter Shumlin. Politico State Solutions Conference. February 2016.

6 *2016 State Ballot Information Booklet*. Legislative Council of the Colorado General Assembly. September 12, 2016.

7 *ColoradoCare: An Independent Analysis – Finances*. Colorado Health Institute. August 2016.

8 White, Chapin et. al. *A Comprehensive Assessment of Four Options for Financing Health Care Delivery in Oregon*. RAND Corporation. 2017.

In 2017, the RAND Corporation estimated that financing a single-payer system in Oregon would require increases in personal income taxes by 6-8 percent and increased employer payroll taxes for all businesses with over 20 workers.[9]

In California, the Legislative Analyst's Office estimated that enacting a single-payer system in California could cost around $400 billion annually and require new state tax revenues in the low hundreds of billions of dollars.[10] Sponsors of their failed single-payer legislation proposed new excise taxes, payroll taxes, and personal income taxes to pay for their program, with no data to show that the proposal could even be implemented or would save money.

Enacting a single-payer system would also mean the loss of thousands of jobs from Oregon's economy. Health plans employ over 13,000 Oregonians and more than an additional 11,000 Oregonians are employed in insurance-related jobs[11]. These are good, stable jobs that would no longer exist if a single-payer system was implemented.

Government-run health care systems do nothing to increase access to health care.

The data suggests that countries with single-payer systems must generally spend even more to provide their citizens with better access to care. In 2022, Canadian specialist physicians report a median waiting time of 27.4 weeks between referral from a general practitioner and receipt of treatment – up from the wait of 25.6 weeks reported in 2021.[12]

Since the start of the COVID-19 pandemic in March 2020, the headlines have been clear – health care access is at its breaking point. A recent poll found that consumers were most concerned that government-run health care proposals would limit access to quality care.[13]

Oregon has done a tremendous amount of work to ensure patients get access to timely, quality care. Imposing a single-payer health care system could actually harm these existing consumer protections. We must focus on filling the gaps in the current health care system, including investing in workforce development and increasing access to care in rural areas, but this bill does nothing to address those issues.

Instead of throwing out the existing health care system for an unworkable and unproven proposal, we should focus on improving what's working while fixing what's broken in health care. AHIP and our member health insurance providers look forward to working with you on ways to lower costs and expand access to affordable, high-quality coverage for everyone.

---

[9] White, Chapin et. al. *A Comprehensive Assessment of Four Options for Financing Health Care Delivery in Oregon*. RAND Corporation. 2017.

[10] *A.G. File No. 2017-019*. California Legislative Analyst's Office. October 9, 2017.

[11] *Oregon: Health Insurance by the Numbers*. AHIP. February 2023.

[12] *Waiting Your Turn: Wait Times for Health Care in Canada, 2022 Report*. Fraser Institute. December 8, 2022.

[13] *Voter Vitals: A Health Care Tracking Poll – November 2022 Edition*. Partnership for America's Health Care Future, Prepared by Locust Street Group. November 2022.

Sincerely,

Kris Hathaway
Vice President, State Affairs

AHIP is the national association whose members provide health care coverage, services, and solutions to hundreds of millions of Americans every day. We are committed to market-based solutions and public-private partnerships that make health care better and coverage more affordable and accessible for everyone. Visit www.ahip.org to learn how working together, we are Guiding Greater Health.