



Senator Mark Meek, Chair
Oregon State Capitol
Senate Committee on Finance and Revenue
900 Court St NE
Salem, OR 97301

February 24, 2025

Dear Chair Meek and Honorable Members of the Committee,

On behalf of the physicians at Willamette Valley Cancer Institute (WVCI), I would like to express our support for SB 125, a bill that would exempt reimbursements for certain health care services, including care provided to medical assistance, Medicare and Medicaid recipients, as well as receipts from the administration or dispensing of medications in a clinical settings.

WVCI represents over 30 premier providers of cancer treatment in Oregon who treat upwards of 4,000 new patients annually. The proposed CAT exemptions for Oregon's independent, physician owned oncology practices such as ours are essential for the long-term viability of community oncology and would help ensure our patients continue to have access to quality care close to home.

In 2019, the Oregon legislature imposed a Corporate Activity Tax on businesses' commercial activity. Though the bill excluded hospitals and long-term care facilities, it broadly applied to medical entities – including independent, physician owned oncology practices.

The services provided in community cancer care are different from other businesses – community oncology practices provide lifesaving, personalized cancer treatment, not discretionary goods. In 2024 alone, WVCI paid hundreds of thousands of dollars in CAT, and while some may be able to pass this tax to consumers, community oncologists will not and cannot pass this cost onto patients. Consequently, independent providers must pay the CAT and absorb the cost of taxes applied at each step in the supply chain, including the procurement of critical cancer drugs.

Unlike other businesses, independent oncology practices don't set prices within a free market. Instead, we receive modest reimbursement from government payers, which often pay less than the actual costs of care, and make up a large portion of our patients. Due to low reimbursement rates for these programs and without CAT reform, community practices may need to restrict the number of government-insured patients physicians treat which is not our mission.

Furthermore, if left unchanged, this could lead to added consolidation of Oregon's health system, resulting in long wait times and less affordable cancer care especially in rural areas. Without access to community-based independent practices, cancer patients will be left to travel to the higher cost hospital systems that are often further from the patient's residence.

The physicians WVCI look forward to working with the committee on this important issue. We appreciate your consideration and ask that you support CAT exemptions that ensure the long-term viability of independent oncology practices in Oregon. If you have additional questions, please direct them to Shawn Miller at shawn@millerpublicaffairs.com, and he will ensure you receive answers in a timely manner.

Sincerely,

Matthew Lonergan

Matthew Lonergan, MD
Practice President
Willamette Valley Cancer Institute and Research Center