

Feb 24, 2025

Chairman Meeks, Vice Chair McLane, members of the Committee, for the record, my name is Brian Chan-Kai and I am an ophthalmologist at EyeHealth Northwest. Moreover, I subspecialize in retinal diseases. Our practice is completely physician-owned, and comprises over sixty eye care providers, covering nearly all ophthalmic subspecialties as well as routine services. We have 18 offices throughout the Portland metro area, 2 surgery centers, an optical lab to fabricate glasses here in Oregon, and a research study division that offers innovative treatments such as gene therapy. I also have a clinical appointment at OHSU.

I am here to speak in support of Senate Bill 125

A large portion of my practice is devoted to injecting medications directly into eyes that suffer from macular degeneration, diabetic eye disease, and other potentially blinding vascular and inflammatory diseases. My patient range covers young, working-age diabetics in the prime of their careers to seniors hoping to enjoy their grandchildren, retirements, and just basic activities like reading or driving. I love my job because of the impact of our work; while it may sound unpleasant to get a shot in the eye, the reality is that without these treatments, patients would go permanently blind. The medications we use are typically sophisticated proteins, which we purchase from the pharmaceutical manufactures and administer in the office. When we buy the medication, that generates a debt for us and the subsequent insurance reimbursement simply covers that. The drugs cost a lot of money—for the five retina doctors in my practice, it is well over a million dollars a month. At that rate, you can imagine how careful we are to get things right—a single insurance denial is very painful. Yet, even though that reimbursement is only going towards offsetting the medication purchase, it is a gross receipt, so the CAT applies to it and generates a very significant additional cost. For our five retina doctors alone—not our entire practice—our CAT was over a half million dollars last year. In addition, the pharmaceutical companies also pass *their* CAT onto us—we’ve received bills from vendors where the only line item is “Oregon Corporate Activity Tax”. Since its inception, the CAT has been a large burden on our financial solvency. I need to stress that we don’t set the cost of medications—the multinational pharmaceutical companies do. Additionally, sometimes a patient is not responsive to a lower cost medicine, and my duty is to find the therapy that best serves the patient. If that drug happens to be more expensive, the CAT punishes me for it. An analogous situation is seen in oncology, where those practices experience the same issue with their need to acquire life-saving, but often expensive therapies.

In the background of all this is the fact that medicine as an industry is facing unprecedented financial headwinds. There is a national trend of practices selling to private equity groups and the data coming out from those deals show that acquired practices prioritize maximizing profits, sometimes over the care of patients and their own staff. We have thankfully seen comparatively little of that in Oregon so far, and despite many approaches to my own group to discuss acquisition, our practice had steadfastly refused because we don’t believe that it is the right thing for patients or medicine in general. However, the writing is on the wall; medical systems in Oregon are under very heavy financial pressure and are scrambling to find a way to continue

serving their mission—hence the large number of consolidations over the past couple years, never mind friction between employers and employees over issues like pay and staffing. We are also competing with other practices nationally to attract the best doctors to come work here, and I will tell you that candidates are aware that the CAT is a drag on their potential practices if they come to Oregon. Compared to those in other states, when we go to interview new associates, it feels like we're being made to run a marathon with an extra weight belt.

I want to underscore our philosophical support for progressive tax laws to improve some of the glaring societal inequities we face. My kids are in the public school system and we are acutely aware of their budgetary pressures and try to do our part by committing personal money and time to support our school. That said, in all of our respective jobs, we have faced situations where the course we initially choose has unintended consequences, and so it behooves us to recalibrate. As the CAT pertains to medical practices, I think there can be legislation that is more surgically precise than what we have in its current iteration, and making some modifications will really help healthcare providers maintain the high level of service to which we aspire. I am very grateful that the Committee has made time to discuss this bill, and look forward to continuing the conversation on meaningful CAT reforms, including exemptions for medical receipts and medication expenses. Thank you for your consideration.

Sincerely,
Brian Chan-Kai