



**OREGON STATE SENATE**

I appreciate the grace for the time today. I want to briefly follow up on Ms. Adamson's testimony.

She said Michigan's tax on ERISA is 1% on all claims. It was. Like my slides said and our citation in them, Michigan repealed and replaced the tax with a per member per month plan instead. It's flat and fixed and doesn't compound like our 2% tax rate. And because it's broad based, it would be a significant reduction in overall assessment for Oregonians to shift to that model.

I also want to point out that Providence is a good example of what's happening in the marketplace in that they just this week laid off 4% of their health insurance workforce.

[Providence Health Plan lays off 4% of its workforce](#)

Providence is also carved out of the 2% sales tax on health care because they themselves are an ERISA plan for their own employees.

Lastly, while the Governor might pull people together at the time taxes are set to expire, we don't have that kind of time to wait. Just this week, the NY Times reported our funding model for Medicaid is on the chopping block in Congress as the federal government looks to close the loopholes on these kinds of assessments.

[G.O.P. Targets a Medicaid Loophole Used by 49 States to Grab Federal Money - The New York Times](#)

We've heard that not only could they be reduced in that the 6% cap on assessments could be cut to a smaller percentage allowance that states can assess, the federal government is considering doing away with the assessments altogether because they've been used to game the system in a way that the federal government no longer wants to tolerate.

Again, our budget went from \$20 billion to \$40 billion in OHA for Medicaid. This biennium, we'll go from 4,500 FTE in 2017 to 6,000 FTE to manage OHA. Oregon's total FTE outpaces Michigan for health and human services by 2,000 FTE and they serve 1.2 million more lives in health and human services than we do. It's not sustainable. As an entitlement program, an even 10% cut in total funds for OHA would be totally catastrophic to Oregon's budget and would require severe cuts in either the Medicaid program or from other areas of the budget like schools and public safety to maintain the entitlement.

We can't wait. And we have time in this session to do something. We raised this warning in 2017 and the crisis is here now. This system is literally breaking in front of us.

Please let me know if you have any follow up questions.  
Dr. Cedric Hayden