

Submitter: David Russo
On Behalf Of: Columbia Pain Management PC
Committee: Senate Committee On Finance and Revenue
Measure, Appointment or Topic: SB125

Chair Meek, Vice Chair McLane, and Members of the Senate Committee on Finance and Revenue:

My name is Dr. David Russo. I am a board-certified pain medicine physician and the medical director of Columbia Pain Management, an independent, physician-owned medical practice serving the Columbia River Gorge and the surrounding rural communities. I submit this written testimony in strong support of Senate Bill 125.

Independent clinics like mine aim to provide high-quality, cost-effective care to Oregonians, including a significant number of Medicaid and Medicare beneficiaries. While we proudly serve these populations, we operate under fixed and inadequate reimbursement schedules—rates that often fail to cover the cost of care. Under the current structure of Oregon’s Corporate Activity Tax (CAT), we are taxed on this public payer revenue, effectively penalized for caring for society’s most vulnerable. This situation is not only unjust but also unsustainable.

In our case, Columbia Pain Management provides medically necessary interventional procedures for patients experiencing severe pain in their spine, joints, and nerves. These procedures include image-guided spine injections, nerve blocks, and orthopedic therapies. Many of these treatments are performed using medications purchased upfront by the clinic—drugs we do not mark up, do not profit from, and which are priced by pharmaceutical manufacturers. However, the CAT applies to these gross receipts as if they were income, compounding financial strain with each vial we dispense. We are taxed on dollars that are immediately passed through to drug vendors.

Our clinic faces triple taxation under the CAT:

1. We are taxed on reimbursements from Medicaid and Medicare, even when we operate at a loss to serve these patients.
2. We are taxed indirectly again when vendors pass on their own CAT liability to us, included in the cost of drugs and supplies.
3. We are taxed a third time on the full value of administered drugs—even though we function as a passthrough entity for these treatments.

These costs do not exist in isolation. Independent physician practices like ours are among the few health care entities subject to the CAT. Hospitals, long-term care facilities, and public systems are largely exempt from it. This creates an uneven

playing field and accelerates a troubling trend: the consolidation of care into large hospital systems and private equity groups. SB 125 offers crucial relief, allowing practices like ours to remain viable and independent. As Oregon pursues policies to combat consolidation in health care, it must also address the upstream tax pressures that are driving it.

We appreciate the collaborative effort of Senator Meek and the framework of SB 125 as a balanced solution. By exempting in-office drug administration (estimated at ~\$2M annually) and providing relief on public payer receipts, SB 125 delivers targeted and meaningful reform without compromising the broader funding mission of the CAT. Importantly, this bill does not entirely exempt clinics from the CAT—we will continue to contribute, as we always have—but in a manner that reflects the realities of medical practice and safeguards patient access.

Columbia Pain Management stands with the Oregon Independent Medical Coalition, EyeHealth Northwest, Primary Care Northwest, Compass Oncology, and independent clinics throughout the state in supporting the framework of SB 125. We encourage you to advance this legislation to help preserve Oregon's independent clinical workforce.

Respectfully submitted,
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