

Submitter: Chad Bingham

On Behalf Of:

Committee: Senate Committee On Finance and Revenue

Measure, Appointment or Topic: SB125

Chair Meek, Vice Chair McLane and Members of the Committee, for the record my name is Chad Bingham, MD. I am an ophthalmologist and a partner at Eye Care Physician & Surgeons in Salem, Oregon.

I am writing in support of Senate Bill 125.

Medical practices like ours are facing unprecedented financial pressures which are making it difficult to continue to provide care to our patients and jobs for our employees. Over the last 22 years the cost of running a medical practice has increased by 50% due to increases in rent, supplies, payroll, electronic medical records, taxes and other expenses. During that same time, when adjusted for inflation, Medicare payments have decreased by 33%, and private insurers typically follow that same trend. Physicians cannot simply increase prices as other businesses in the face of increased expenses. We only receive what insurance companies, including Medicare and Medicaid, are willing to reimburse, regardless of what we may charge. If this trend of increasing costs and decreasing reimbursements continue, we will not be able to keep our doors open.

The corporate activity tax has added to this burden of increasing overhead over the last several years. For physicians in private practice, the CAT is essentially triple taxation. We are taxed on public payer receipts that already do not even cover the cost to provide care, and we cannot negotiate these reimbursement rates. We pay the CAT that is passed on to us from our vendors and service providers. We pay the CAT on drugs that are administered in clinic, even though we are basically only a passthrough entity to get the drugs to patients. Large manufacturers set the prices on these drugs.

Independent private practices are some of the only healthcare entities that pay the CAT. Hospitals and long-term care are not subject to the CAT. There is a concerning trend of clinics being consolidated into larger hospital systems. As Oregon looks to address healthcare consolidation through other bills, we must recognize that upstream issues that make it more and more difficult to stay financially viable must

also be addressed. Senate Bill 125 would help to provide relief to practices, ensuring our independence and ability to continue seeing patients who are covered by low-reimbursing government payers. I appreciate Sen. Meek's efforts and urge the legislature to make meaningful steps toward addressing this problem by exempting drugs administered in office from taxable income and providing some level of relief on the rate for public payer receipts.