



Oregon Pediatric Society

A Chapter of the American Academy of Pediatrics. Incorporated in Oregon

Date: May 28, 2025

To: Senator Mark Meek, Chair, and Members of the
Senate Committee on Finance and Revenue

Re: Support for Senate Bill 125

My name is John Peoples, MD, FAAP. I am a pediatrician member of the Oregon Pediatric Society (OPS) and an owner/partner at Central Oregon Pediatric Associates (COPA). OPS strongly endorses SB 125, which supports pediatricians and independent providers who provide essential medical care by exempting certain health care services from the Corporate Activity Tax (CAT tax), including care provided to Medicare and Medicaid recipients.

COPA is a privately owned, independent practice, and we have been providing pediatric care for nearly 50 years in Central Oregon. The margin for success is small in independent medical practices, and with decreased revenue from immunizations looming as well as possible Medicaid cuts, we continue to diligently look ahead to make sure our business remains solvent. SB 125 is an essential step in the right direction.

Currently, there are 29 medical providers working here. Because we have consistently made the decision to serve all patients in our community, COPA's patient caseload is nearly 50% Medicaid patients. This is not a decision that has been made easily, and the last few years have borne out multiple stresses. In 2019, the Oregon Legislature imposed the Corporate Activity Tax on our business activity. In the years that followed, labor and supply costs soared while insurance contracts, including the vital Oregon Health Plan and its CCO Medicaid contracts, did not match the incredible rise in costs. As independent providers, we not only paid the CAT tax on both our private pay and Medicaid patients, but also paid increased costs to medical suppliers who passed their CAT tax on to us. With our Medicaid panel, we have limited ability to negotiate around those costs.

I fear that health care in Oregon is at a tipping point. If nothing is done to support independent health care providers and practices caring for patients who receive care through Medicare and Medicaid, access to preventative care is going to shrink rapidly as practices close or limit their ability to accept these insurances. This will ultimately



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balloon health care costs in the state and lead to worse health outcomes, as patients delay care and ultimately receive care in more expensive emergency room settings.

SB 125 is a critical, obvious step to support practices who care for patients with Medicaid and Medicare, at a time when those reimbursements are dwindling. OPS and I strongly support this legislation in order to maintain continued adequate access to preventative care for all children in Oregon.

Sincerely,

John D. Peoples, MD, FAAP
Bend, Oregon