

What a difference \$1 billion makes

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By Alan Bates

One billion dollars sits in Washington, D.C., with Oregon's name on it. Those dollars come with a prescription: invest in the health of uninsured children and vulnerable adults.

Lately we hear "billion" tossed around on the news so frequently that it is easy to forget that a billion dollars is a lot of money. It is enough money to change tens of thousands of Oregonians' lives. That billion is Oregon's money if only we can put up our share of the state's dollars for health care.

One of the most important debates in the Oregon Legislature this session will be how to fund a mutual goal of the Oregon Health Fund Board and Governor Kulongoski: to provide all of Oregon's children and one-third of the poorest adults access to health insurance. Few will say that the state should not make this investment, especially when combined with other forward-thinking elements of the Health Fund Board's plan to lower costs and improve the quality of health care for all Oregonians.

But the challenge, as always, is how to come up with the funds to cover Oregon's uninsured. Some have proposed using a payroll tax to secure funds from businesses. Others have proposed adding a transactions tax to everyone's health-care bills, which works like a sales tax, and will result in increased health-care costs for the very sickest among us.

However, there is one revenue source that has the unique advantage of securing that one billion dollars Oregon is leaving on the table in Washington, D.C. It is a tax known as a provider tax, which already is being used by Oregon and 19 other states to expand and improve health care for low-income citizens.

The existing provider tax funds health care for 24,000 low-income Oregonians on the Oregon Health Plan. The state's largest hospitals and managed-care organizations serving the Medicaid population already pay the tax, and the federal government matches those funds to help pay for the program. In order to continue to capture federal matching funds, the tax must be renewed by the state and restructured to comply with federal rule changes.

If Oregon chooses to do nothing, we will lose the federal matching funds we currently receive, and will be forced to drastically reduce the Oregon Health Plan by October. That will result in more uninsured, a sicker population, and more expensive care for everyone.

The good news is that if instead we choose to restructure the provider tax, Oregon will receive \$1.66 from the federal government for every state dollar we put in. One billion in federal dollars is not a bad incentive to "do the right thing," especially because that money then flows back to the hospitals that care for uninsured Oregonians. It also will flow to health providers who will be caring for the newly insured in clinics and medical offices, instead of in the more expensive emergency departments in hospitals.

More good news: Everyone in Oregon will reap benefits from restructuring the provider tax to expand health coverage.

Hospitals will get their tax investment back through an increase in patient revenue, with more insured patients on the Oregon Health Plan.

- Rural and community hospitals won't be taxed at all; of the 25 hospitals paying the tax, few will end up contributing more than a fraction of one percent of their net patient revenues after receiving their share of increased payments.
- Low-income Oregonians will benefit by gaining access to health-care coverage.
- Everyone in the state will benefit from lower health-care costs. Reducing the number of uninsured patients will reduce the cost shift from treating uninsured patients to those with insurance.

Talking about raising revenue is difficult in the best of economic climates. It can be more challenging when we face economic uncertainty — even when there is an opportunity to nearly double our health-care investment with matching dollars from the federal government.

No one on the Oregon Health Fund Board, on the governor's staff or in the Oregon Legislature wants a single hospital to be put in financial jeopardy by taxing them at a rate that isn't manageable. We will explore all alternatives available to make the tax as equitable as possible. That being said, the best, most viable approach to bringing that billion dollars home to Oregon and improving the health of Oregonians is through a restructured provider tax.

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