Finance & Revenue Committee

Committee Meeting
October 15th, 2024

Universal Health Plan
Governance Board

Agenda

Meeting goal: Develop foundation for future discussions of the Finance and Revenue Committee

- Welcome, agenda review
- Committee member introductions
- Committee charter review, timeline and process
- Revenue 101 presentation and discussion
- Discuss principles for revenue
- Review Actuarial Analysis from Joint Task Force
- Discuss attributes of a strong financial plan for the universal health plan

Committee Member Introductions

Please share..

1. Name
2. Your interest in universal health plan and revenue experience

Committee Charter

Chair George and Staff

UHPGB Committee Processes

Decision-Making Process

Quorum: A simple majority of committee members.

Consensus: A consensus decision-making approach will be used to facilitate the committee's deliberations and to ensure that the committee receives the collective benefit of the individual views, experiences, backgrounds, training, and expertise of its members.

Voting: Recommendations to the board made by the committee, including when there is consensus, must be taken by public rollcall vote of all members present. Voting should flexibly follow the process set forth in Robert's Rules of Order. Absent compelling circumstances (e.g., as mandated by applicable conflict of interest laws and policies), committee members should not abstain from voting. Voting can be used when consensus is not achieved, and any committee member is eligible to make a motion. If there are votes in the minority, those members voting in the minority may submit an explanation of their vote and provide alternative proposals.

Finance and Revenue Objectives

Design a unified financing structure for the Universal Health Plan, including creating a Universal Health Plan Trust Fund in the State Treasury with sufficient reserves. Study and address the impacts of the Universal Health plan with respect to specific types of employers and households and consider funding mechanisms within context of prospective of Employee Retirement Income Security Act (ERISA) challenges.

Charter Tasks

- Develop a list of attributes of a sound financial plan
- Review and understand current health spending in Oregon
- Develop an annual Universal Health Plan cost target that can be supported with new revenue and existing health spending
- Review methods of revenue collection to withstand an ERISA challenge
- Review, update and build on revenue options to pay for universal health plan as outlined in the Joint Task Force Report
- Describe the impact of revenue or taxes on large and small businesses and households
- Identify required startup costs and plan reserves and develop strategies for building the needed reserves
- Compare and contrast current mechanisms for funding for health care with the proposed financing strategy

Charter Deliverables

- Unified financing strategy for the Universal Health Plan that may include an income tax, a payroll tax, or other options that take into considerations ERISA and has support from large and small employers
- Analysis of the impact of Universal Health Plan on Oregon’s economy

Finance and Revenue Committee Process

Step 1 – Committee reviews work of Joint Task Force

Step 2 – Committee reviews and discusses update of current Health Spending in Oregon

Step 3 – Committee identifies potential alternative revenue options that are feasible to fund universal health plan

Step 4 – Committee recommend revenue options and a cost target for the board to review / approve

Step 5 – Committee integrates community and board input for revenue strategies

Step 6 – Plan Design and Expenditure/Finance and Revenue committees develop strategies to stay within the cost targets

Finance & Revenue Committee Workplan

2024-2025

October:
Committee Orientation

November:
Update Health Spending

December:
Revenue Alternatives

January :
Structural Challenges

February:
Revenue Options / Cost Target

March:
Revenue Options/ Cost Target

April- May:
Hold, If needed

July:
Joint Meeting w/ Plan Design

Review Revenue Discussion from the Joint Task Force

Legislative Revenue Office (LRO)

Universal Health Care: Revenue Options

UHPGB Finance and Revenue Committee Meeting

October 15th, 2024

State of Oregon

LEGISLATIVE REVENUE OFFICE

Presentation & Discussion Outline

- Revenue Policy Questions
- Tax Base Comparison
- Payroll Tax
- Income Tax
- Proposals from 2022 Task Force

****Disclaimer: Estimates originally provided to UHC joint task force. Many figures contained in this presentation are dated and subject to revision.*

Core Policy Questions

- Who should bear the funding of Universal Health Care? Why?
- How should multiple revenue sources intersect and interact?
- What are the key revenue “levers”?
- Tax Base, Tax Rate, and Administration?

Tax Base Comparisons

Comparison of Tax Bases

- Respective tax bases
- Relative size

Tax Base 2021 - Billions						
Payroll	Personal Income Tax	Property Tax	Corporate Income Tax	Retail Sales	Comm. Activity Tax	Cigarettes (packs)
$126	$154	$479	$17	$90	$216	100M

- Larger tax base can raise more revenue with lower rate
- Constitutional implications of property tax, impact on local governments

Comparison of Tax Bases

- Respective tax bases
- Relative size

Where task force focused in

Tax Base 2021 - Billions						
Payroll	Personal Income Tax	Property Tax	Corporate Income Tax	Retail Sales	Comm. Activity Tax	Cigarettes (packs)
$126	$154	$479	$17	$90	$216	100M

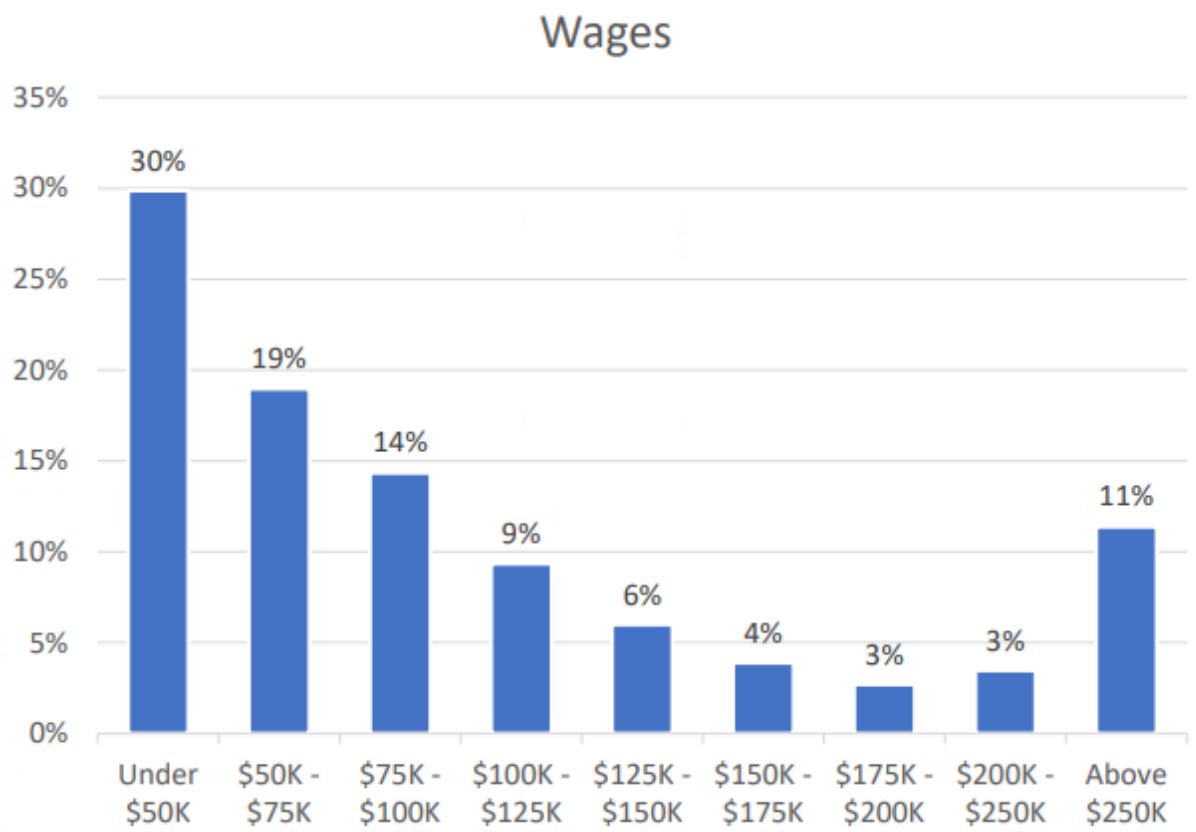
- Larger tax base can raise more revenue with lower rate
- Constitutional implications of property tax, impact on local governments

Payroll Tax

Payroll Tax

- Tax Base = Wages + Self
  - Employees
  - Self-Employed
  - $165B in 2026 (projected)
  - All employers, all sectors
- 2026 Revenue Estimate = $12.3B

2026 Wages + Self. Emp. Inc.		Tax Rate
Up to	$160,000	7.25%
Above $160,000		10.5%

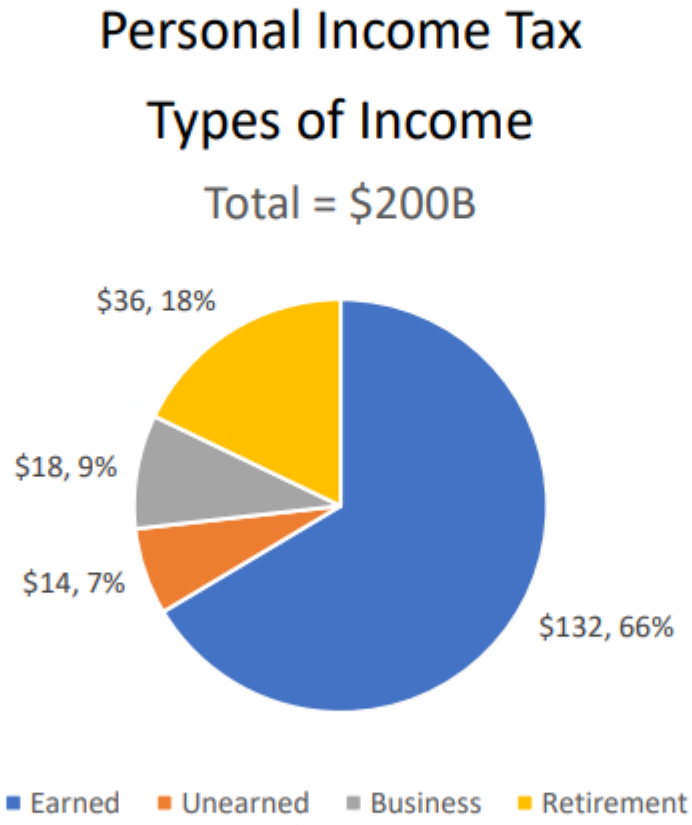


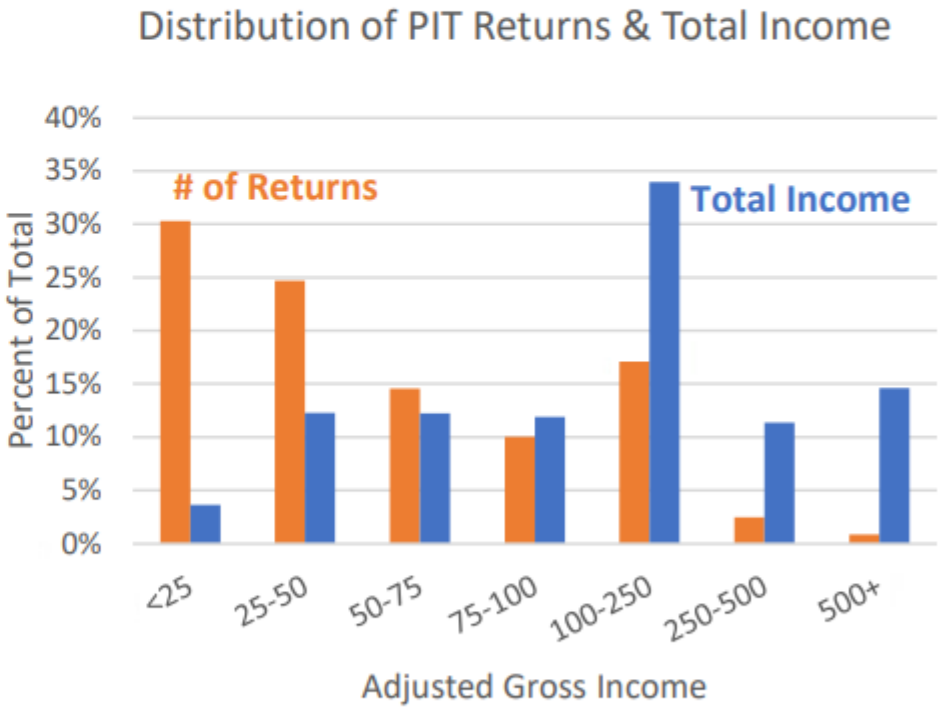
****Disclaimer: Estimates originally provided to UHC joint task force. Figures are dated and subject to revision.*

Personal Income Tax

Personal Income Tax Base - Preliminary

- Tax Base
  - Total = $200B (2026)
  - Taxable = $160B (2026)
- Income Categories
- Progressive definition
  - Dollar level
  - Federal Poverty Level (FPL)





***Disclaimer: Estimates originally provided to UHC joint task force. Figures are dated and subject to revision.*

UHC Income Tax: Rates / Brackets

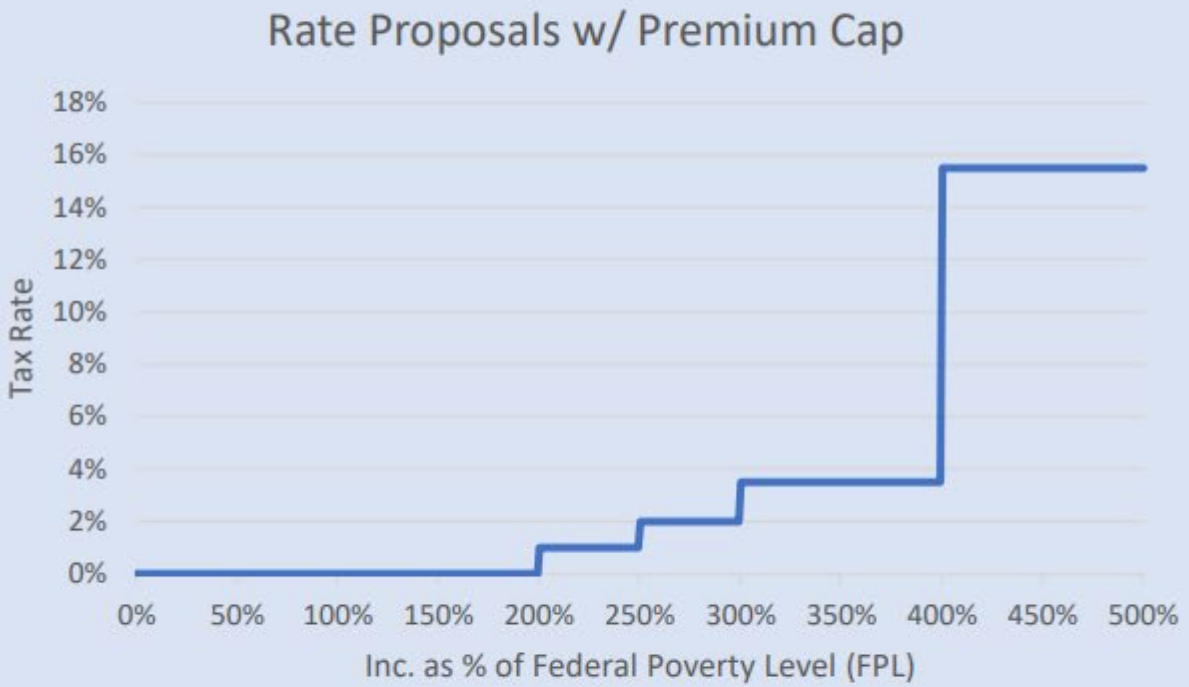
"Quasi" Federal Poverty Level (Q_FPL)

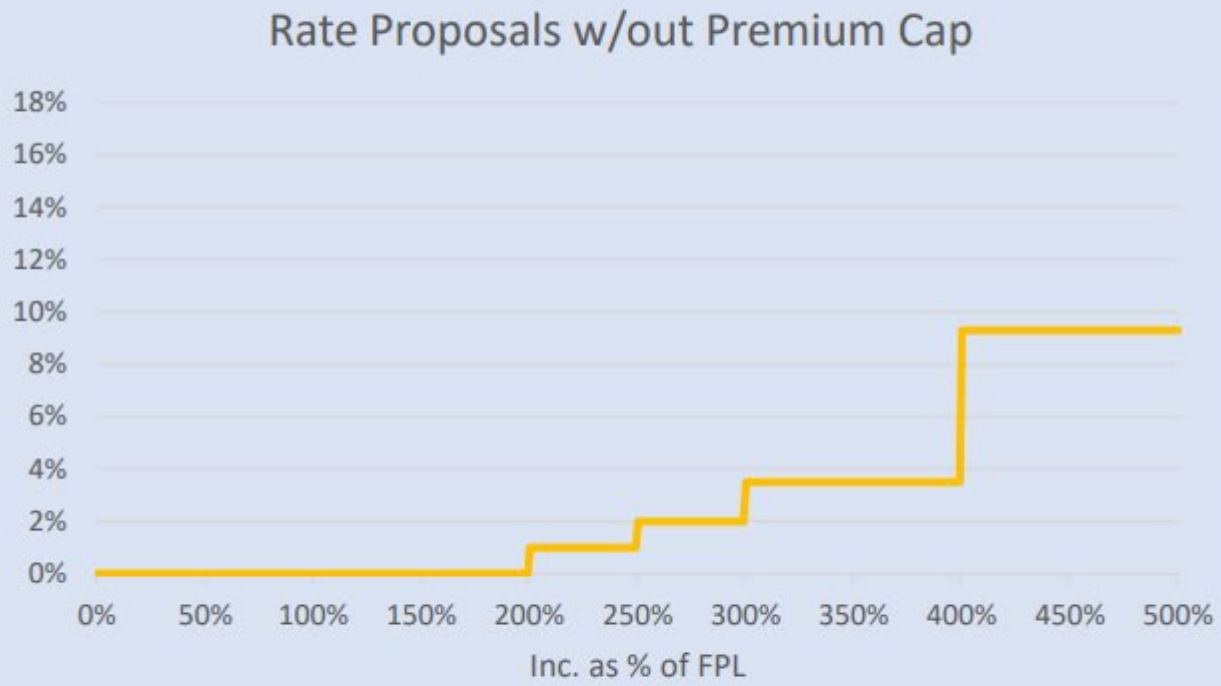
- Based on income and number of individuals reported on tax return (differs from FPL which is a household computation

	2022 Poverty			
HH Size	100% FPL	200% FPL	300% FPL	400% FPL
1	13,590	27,180	40,770	54,360
2	18,310	36,620	54,930	73,240
3	23,030	46,060	69,090	92,120
4	27,750	55,500	83,250	111,000
5	32,470	64,940	97,410	129,880
6	37,190	74,380	111,570	148,760
7	41,910	83,820	125,730	167,640
8	46,630	93,260	139,890	186,520

Tax Rate Scenarios		
Inc. as % of Q_FPL	Premium Cap	No Cap
<150%	0%	0%
150-200%	0%	0%
200-250%	1%	1%
250-300%	2%	2%
300-400%	3.5%	3.5%
400%+	15.5%	9.3%

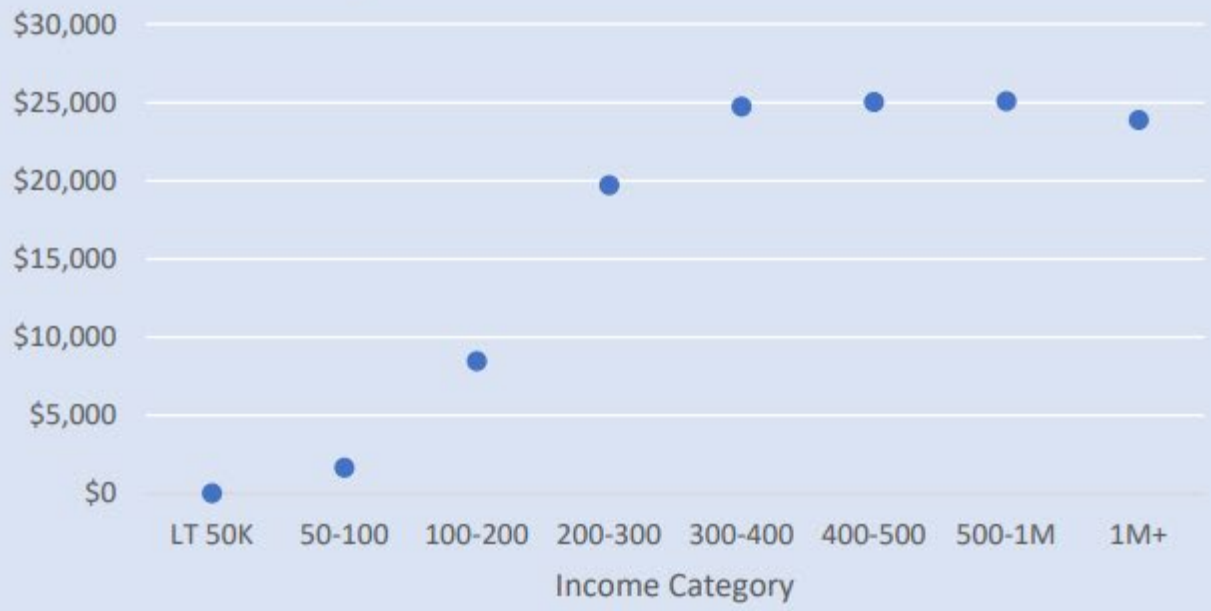
UHC Income Tax Rates / Brackets

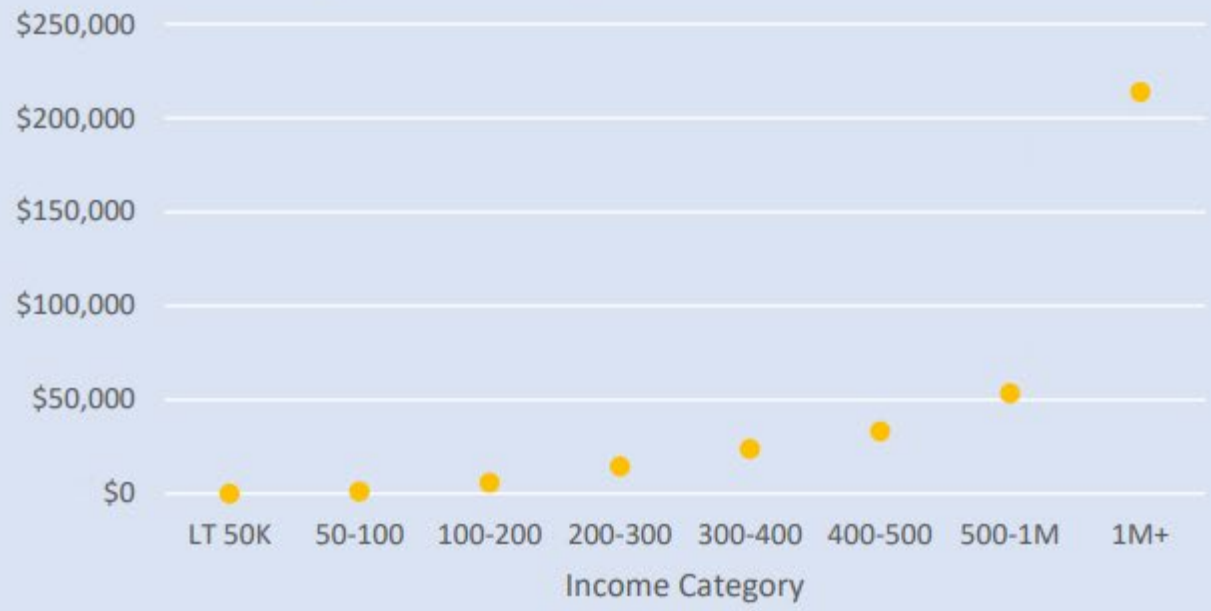




Average Tax Liability

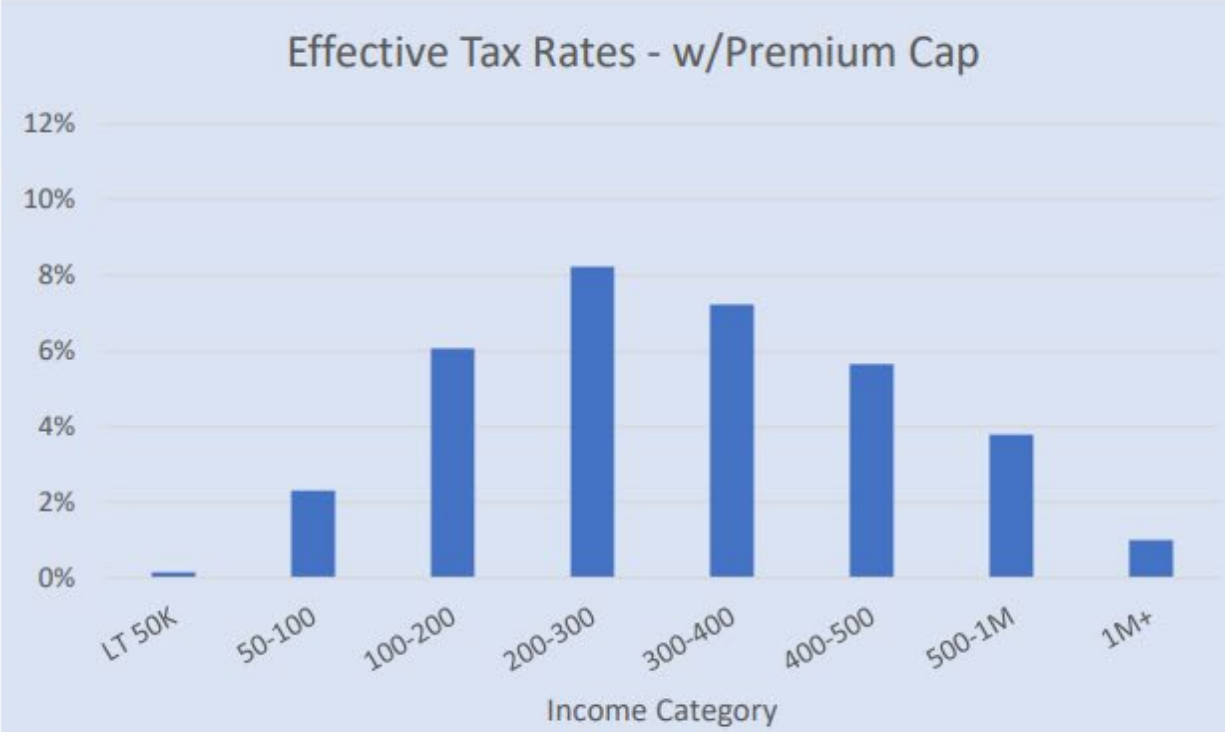
- Note the difference in vertical axis
- Effect of premium cap on higher income taxpayers





Progressivity

$$\text{Effective tax rate} = \frac{Tax\ Liability}{Income}$$



2022 UHC Task Force Revenue Tax Proposals

Two Sources of Revenue

Payroll Tax	Personal Income Tax (PIT)
Tax base: Payroll of private & public employers and self-employed	Tax base: Federal PIT total income minus Social Security
Tax Rates (marginal): ≤160K 7.25% 160K+ 10.50%	Tax Rates (marginal, income as a % of federal poverty level): ≤200% 0.00% 200-250% 1.00% 250-300% 1.75% 300-400% 2.50% 400%+ 8.20%
Revenue in 2026: $12.3 B	Revenue in 2026: $7.6 B

Combined Total Revenue, 2026

$19.9 B

Note: estimates are static

****Disclaimer: Estimates originally provided to UHC joint task force. Figures are dated and subject to revision.*

UHC Task Force - Final Report

Table 11 – 2026 Revenue Estimates (in billions)

Program / Population	2026 Baseline	Single Payer	Difference
Employer premium contribution	$12.47	$0.00	($12.47)
Charity	$0.16	$0.00	($0.16)
Employee / Individual Medicare premiums are only individual contributions under single payer	$11.63	$2.10	($9.52)
Federal Title XVIII (Medicare)	$11.78	$11.78	$0.00
Federal Title XIX (Medicaid)	$10.86	$12.86	$2.00
Federal Title XXI (CHIP)	$0.43	$0.43	$0.00
Exchange Subsidies/SAMHSA	$0.88	$1.17	$0.30
State Funds and Household contribution and employer payroll tax	$6.35	$26.29	$19.93
PEBB/OEBB non-GF Revenue	$1.06	$0.00	($1.06)
Total Expenditures	**$55.60**	**$54.63**	**($0.98)**

Note: totals and differences may differ slightly due to rounding.

Source: Joint Task Force on UHC, Final Report and Recommendations (pg. 99)

UHC Task Force - Final Report

Table 11 – 2026 Revenue Estimates (in billions)

Program / Population	2026 Baseline	Single Payer	Difference
Employer premium contribution	$12.47	$0.00	($12.47)
Charity	$0.16	$0.00	($0.16)
Employee / Individual Medicare premiums are only individual contributions under single payer	$11.63	$2.10	($9.52)
Federal Title XVIII (Medicare)	$11.78	$11.78	$0.00
Federal Title XIX (Medicaid)	$10.86	$12.86	$2.00
Federal Title XXI (CHIP)	$0.43	$0.43	$0.00
Exchange Subsidies/SAMHSA	$0.88	$1.17	$0.30
State Funds and Household contribution and employer payroll tax	$6.35	$26.29	$19.93
PEBB/OEBB non-GF Revenue	$1.06	$0.00	($1.06)
Total Expenditures	**$55.60**	**$54.63**	**($0.98)**

Note: totals and differences may differ slightly due to rounding.

New revenue from payroll & personal income tax

Source: Joint Task Force on UHC, Final Report and Recommendations (pg. 99)

UHC Task Force - Final Report

Table 11 – 2026 Revenue Estimates (in billions)

Program / Population	2026 Baseline	Single Payer	Difference
Employer premium contribution	$12.47	$0.00	($12.47)
Charity	$0.16	$0.00	($0.16)
Employee / Individual	$11.63	$2.10	($9.52)
Medicare premiums are only individual contributions under single payer			
Federal Title XVIII (Medicare)	$11.78	$11.78	$0.00
Federal Title XIX (Medicaid)	$10.86	$12.86	$2.00
Federal Title XXI (CHIP)	$0.43	$0.43	$0.00
Exchange Subsidies/SAMHSA	$0.88	$1.17	$0.30
State Funds and Household contribution and employer payroll tax	$6.35	$26.29	$19.93
PEBB/OEBB non-GF Revenue	$1.06	$0.00	($1.06)
Total Expenditures	**$55.60**	**$54.63**	**($0.98)**

Note: totals and differences may differ slightly due to rounding.

Employer/employee health insurance contributions, individual health costs

New revenue from payroll & personal income tax

Source: Joint Task Force on UHC, Final Report and Recommendations (pg. 99)

For More Information

- Legislative Revenue Office
- ~~900 Court St. NE, Room 160~~
- 255 Capitol St NE, 5th floor (temporary location)
- Salem, OR 97301
- 503-986-1266
- https://www.oregonlegislature.gov/lro

Principles for Discussing and Evaluating Revenue Strategies

Chair George and Cherryl Ramirez

Joint Task Force Principles Guiding Revenue Design

- **Progressive** – tax rate increases as the taxpayer income (ability to pay) increase
- **Easy to understand** – Is the new revenue stream easy to understand by those having to pay it?
- **Stable** – A financing system that can weather economic and demographic changes. No source is stable; they all change over time based on economic activity or population changes. What can be done to increase overall stability?
- **Permanent** – As permanent as anything; not automatic sunset of a revenue stream
- **Predictable** - Can government officials fairly predict how much revenue will be generated?
- **Scalable & Adequate** – If universal health care implementation is over a period of time, are revenue sources scalable to full implementation needs?
- **ERISA Considerations** – We want to avoid being vulnerable to ERISA court challenges and may want automatic triggers on other revenue streams if there's an effective ERISA challenge.
- **Dedicated trust fund** – As opposed to pulling from the general fund, the Committee seeks a dedicated trust fund to support the Plan that is not subject to the state kicker.
- **Maximize Federal Dollars** – Consider opportunities to maximize federal match dollars before turning to new revenue streams.

Possible Additional Principles

- Revenue plan should be likely to pass statewide vote
- No incentive for net movement of any group into or out of the state
- BBLR – Broad Base Low Rate is better than dependance on high rate on narrow group
- Comparison of funding effect must include all sources of revenue
- Revenue plan must consider all costs of operations, start up, and transition including bond sales

Discussion Questions

- Does the committee want to recommend any principles to the list from the Joint Task Force?
- Does the committee want to consider recommending a principle addressing financial hardship from revenue or taxes for any specific business sectors or segments of the population?

Review Actuarial Analysis from the Joint Task Force

Chair George

Summary of Optumas Study

SB 770 Task Force on Universal Health Care

Universal Health Plan Governance Board

Finance & Revenue Committee

October 15, 2024

Warren George – Task Force Member

CBIZ Optumas

Consultants • Actuaries • Economists

Universal Health Care Financial Modeling

September 30, 2022

Figure 1 –Approach to Modeling Estimate

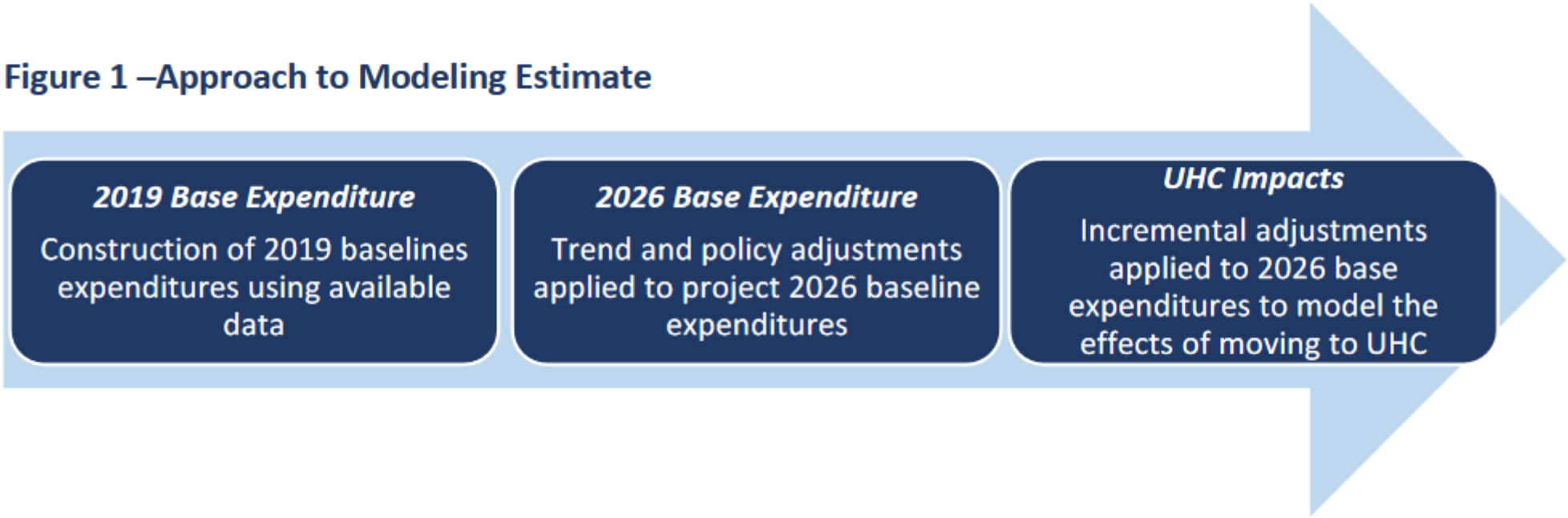


Table 1: Data Sources

Data Source Type	Data Sources
National	• National Health Expenditures (NHE) – (this included national and Oregon specific data where appropriate) • NHE per capita trend projections • Centers for Medicare and Medicaid

State Specific	• Oregon Health Authority
	  • Medicaid
	  • Children's Health Insurance Program (CHIP)
	  • Public Employees
	  • School Employees
	  • Health Benefits Exchange
	• Oregon Legislative Revenue Office

Other	• Kaiser Family Foundation • Published studies (citations noted in footnotes throughout this document)

Universal Health Care Design Overview

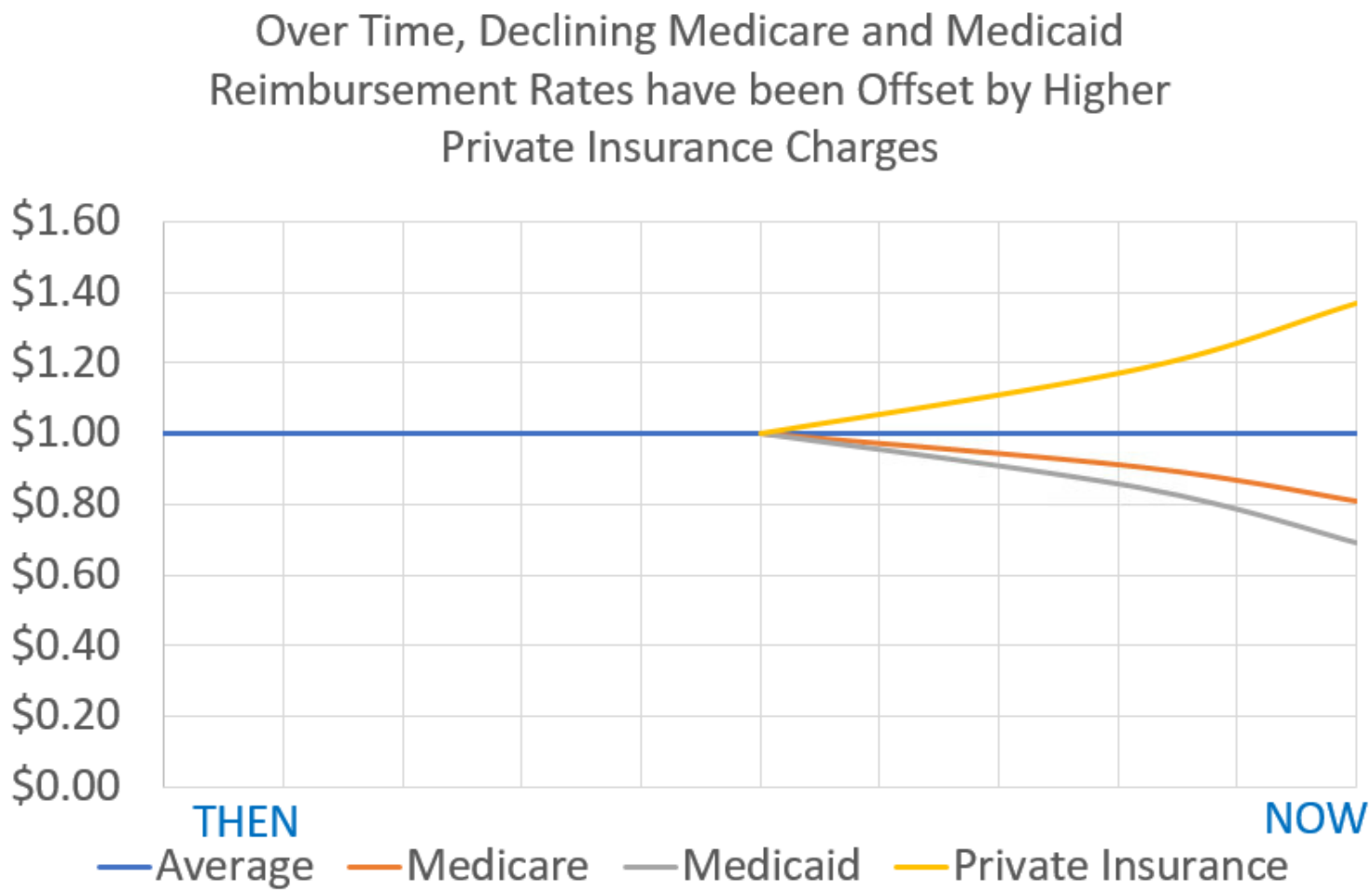
Covered Populations	All permanent Oregon residents including Medicare and undocumented immigrants
Excluded Populations	Military (e.g., Department of Defense, Veterans Affairs)
Benefit Plan	Equivalent to average Public Employees' Benefit Board (PEBB) coverage levels, including dental
Cost Sharing	Eliminate all cost sharing (co-payments, deductibles, and coinsurance)
Provider Reimbursement	Single fee schedule for all covered populations and services with no differences between reimbursement for Medicaid, Medicare, or other program eligibility. The projected Universal Health Care system reflects a 4.0% discount below the projected status quo aggregate provider reimbursement.
Administration	To be determined
Availability of Private Insurance	The single payer system will be the only health coverage system available to Oregon residents. Private coverage such as supplemental coverage would not be permitted.

Excluded from Scope of Study

- DOD, VA, IHS, Schools, Institutions, Worksite (4.5%)
- Research and Investment (not personal care)
- Population Health (not personal care)
- Costs Currently Funded Through Private Donations (5%)
- Out of Pocket costs for service not covered by plan (4 to 7%)
- Long Term Supports and Services (except as provided through Medicaid.) (8 to 10%)

The Uninsured – Not a Homogeneous Group

- Would qualify for Medicaid or Market Place but have low need
- Could pay for insurance but regard insurance as low value to them
- Needs going unmet because can’t afford care and do not qualify for Medicaid or other programs.
- Other



$1.37 Private Insurance

$1.00 Avg Cost of Care
$0.81 Medicare
$0.69 Medicaid

Schematic by W.George.
Data from Oregon Task Force on Universal Health Care

Table 3 – CY2019 Baseline Enrollment and Expenditures

Coverage Type / Expenditure Type	Enrollment	2019 Baseline Expenditures (In millions)
Individual – Exchange	148,180	$996
Public Employees Other Than PEBB/OEBB	401,310	$2,842
Employer/Other Individual	1,286,797	$8,657
Oregon Public Employees (PEBB)	137,367	$973
Oregon Educators (OEBB)	133,215	$730
Medicare	782,445	$9,420
Medicaid	859,481	$9,936
Children's Health Insurance Program (CHIP)	128,696	$448
Uninsured	299,241	$1,208
Out-of-Pocket	n/a	$1,543
General Assistance (charity care)	n/a	$121
Community Behavioral Health (non-Medicaid)	n/a	$695
Total	**4,176,732**	**$37,570**

Table Notes:

1. *Due to dual eligibility across programs, figures present may be higher or lower than public reported and to avoid duplication resulting in skewed per capita calculations as a result.*
2. *Medicare out-of-pocket is included in the Medicare total line.*
3. *Out-of-pocket costs for programs and services not included in the Universal Health Care plan are excluded.*
4. *Total values may differ due to rounding.*

Table 3 – CY2019 Baseline Enrollment and Expenditures

Coverage Type / Expenditure Type	Enrollment	2019 Baseline Expenditures (In millions)
Individual – Exchange	148,180	$996
Public Employees Other Than PEBB/OEBB	401,310	$2,842
Employer/Other Individual	1,286,797	$8,657
Oregon Public Employees (PEBB)	137,367	$973
Oregon Educators (OEBB)	133,215	$730
Medicare	782,445	$9,420
Medicaid	859,481	$9,936
Children's Health Insurance Program (CHIP)	128,696	$448
Uninsured	299,241	$1,208
Out-of-Pocket	n/a	$1,543
General Assistance (charity care)	n/a	$121
Community Behavioral Health (non-Medicaid)	n/a	$695
Total	**4,176,732**	**$37,570**

Table Notes:

1. *Due to dual eligibility across programs, figures present may be higher or lower than public reported and to avoid duplication resulting in skewed per capita calculations as a result.*
2. *Medicare out-of-pocket is included in the Medicare total line.*
3. *Out-of-pocket costs for programs and services not included in the Universal Health Care plan are excluded.*
4. *Total values may differ due to rounding.*

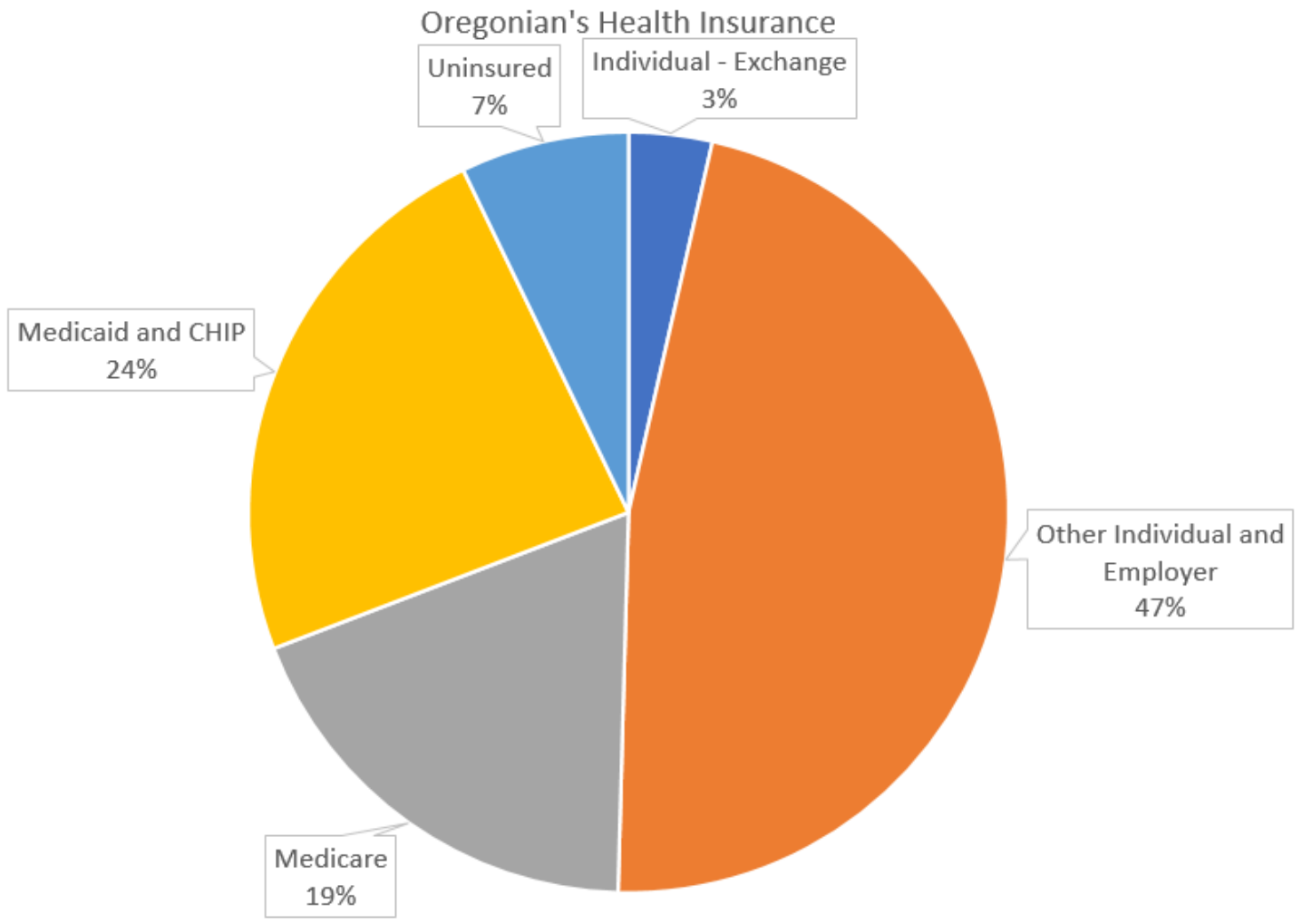

Oregonian's Health Insurance
Uninsured
7%
Individual - Exchange
3%
Medicaid and CHIP
24%
Other Individual and
Employer
47%
Medicare
19%
Individual - Exchange
Other Individual and Employer
Medicare
Medicaid and CHIP
Uninsured

Table 3 – CY2019 Baseline Enrollment and Expenditures

Coverage Type / Expenditure Type	Enrollment	2019 Baseline Expenditures (In millions)
Individual – Exchange	148,180	$996
Public Employees Other Than PEBB/OEBB	401,310	$2,842
Employer/Other Individual	1,286,797	$8,657
Oregon Public Employees (PEBB)	137,367	$973
Oregon Educators (OEBB)	133,215	$730
Medicare	782,445	$9,420
Medicaid	859,481	$9,936
Children's Health Insurance Program (CHIP)	128,696	$448
Uninsured	299,241	$1,208
Out-of-Pocket	n/a	$1,543
General Assistance (charity care)	n/a	$121
Community Behavioral Health (non-Medicaid)	n/a	$695
Total	**4,176,732**	**$37,570**

Table Notes:

1. *Due to dual eligibility across programs, figures present may be higher or lower than public reported and to avoid duplication resulting in skewed per capita calculations as a result.*
2. *Medicare out-of-pocket is included in the Medicare total line.*
3. *Out-of-pocket costs for programs and services not included in the Universal Health Care plan are excluded.*
4. *Total values may differ due to rounding.*

Breakdown of Expenditures

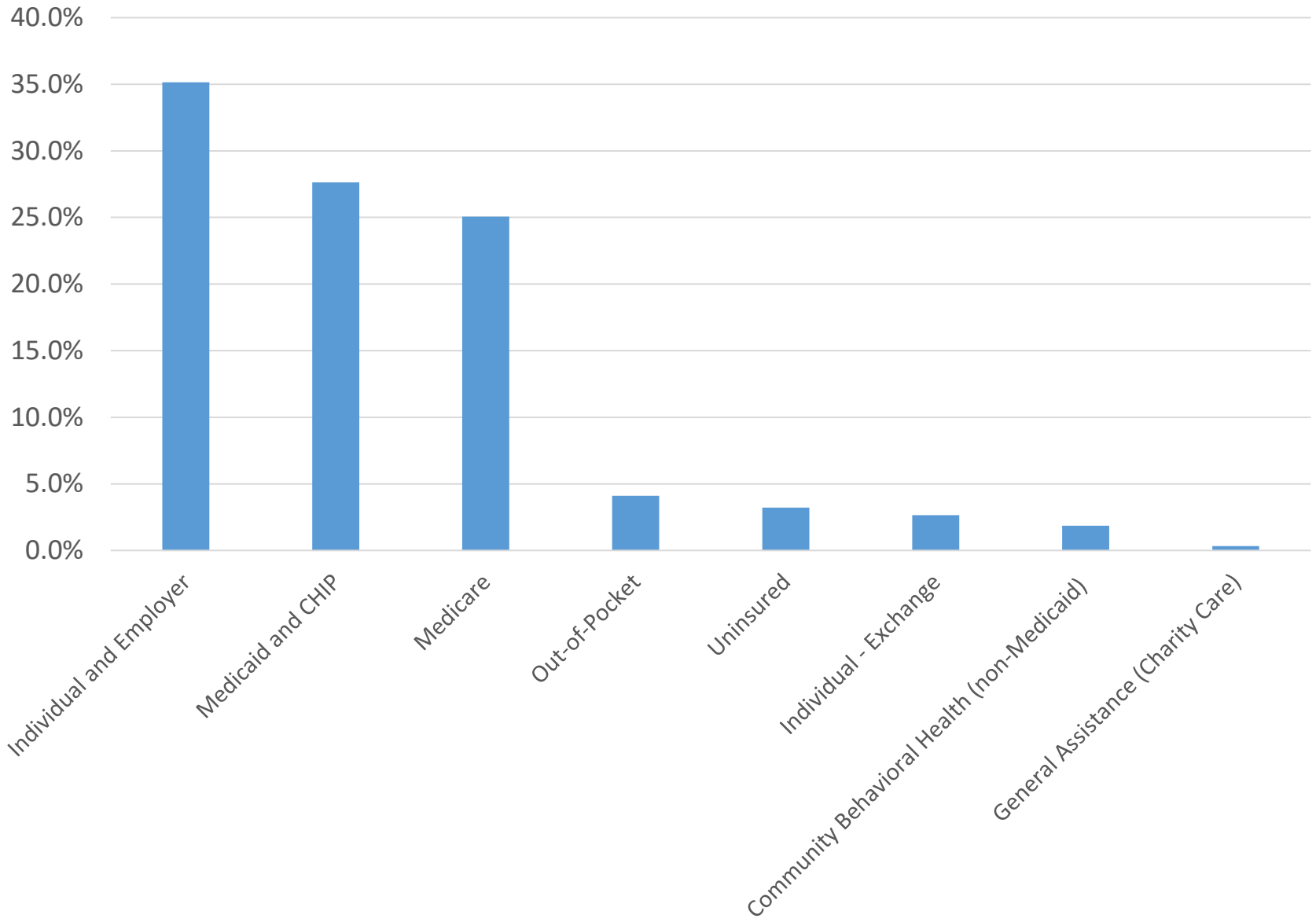


Table 8 – CY2019 and CY2026 Baseline Expenditure Estimates (in billions)

Coverage / Expenditure Type	2019 Expenditures	2026 Enrollment	2026 Status Quo Expenditures
Individual – Exchange	$996	155,846	$1,389
Public Employees Other Than PEBB/OEBB	$2,842	422,071	$3,965
Employer Sponsored Insurance/Other Individual	$8,657	1,353,366	$12,077
Oregon Public Employees (PEBB)	$973	144,473	$1,357
Oregon Educators (OEBB)	$730	140,107	$1,018
Medicare	$9,420	822,923	$15,804
Medicaid	$9,936	903,944	$14,590
Children's Health Insurance Program (CHIP)	$448	135,354	$659
Out of Pocket	$1,543	n/a	$2,056
Uninsured	$1,208	314,722	$1,610
General Assistance (Charity Care)	$121	n/a	$161
Community Behavioral Health (non-Medicaid)	$695	n/a	$919
Sub Total Expenditure	**$39,082**	**4,432,700**	**$58,121**
Bottom Line Adjustment – Dental	n/a	n/a	n/a
Bottom Line Adjustment – Premium Tax Backfill	n/a	n/a	n/a
Bottom Line Adjustment – Provider Efficiency Capture of 4%	n/a	n/a	n/a
Total Expenditure	**$39,082**	**4,432,700**	**$55,603**

Table Notes:

1. *Due to dual eligibility across programs, enrollment figures have been adjusted to avoid duplication resulting in skewed per capita calculations.*
2. *Medicare out-of-pocket is included in the Medicare total; out-of-pocket costs for programs and services not covered by the UHC plan are excluded.*
3. *Small differences in totals and differences may be present due to rounding.*

Table 8 – CY2019 and CY2026 Baseline Expenditure Estimates (in billions)

Coverage / Expenditure Type	2019 Expenditures	2026 Enrollment	2026 Status Quo Expenditures
Individual – Exchange	$996	155,846	$1,389
Public Employees Other Than PEBB/OEBB	$2,842	422,071	$3,965
Employer Sponsored Insurance/Other Individual	$8,657	1,353,366	$12,077
Oregon Public Employees (PEBB)	$973	144,473	$1,357
Oregon Educators (OEBB)	$730	140,107	$1,018
Medicare	$9,420	822,923	$15,804
Medicaid	$9,936	903,944	$14,590
Children's Health Insurance Program (CHIP)	$448	135,354	$659
Out of Pocket	$1,543	n/a	$2,056
Uninsured	$1,208	314,722	$1,610
General Assistance (Charity Care)	$121	n/a	$161
Community Behavioral Health (non-Medicaid)	$695	n/a	$919
Sub Total Expenditure	**$39,082**	**4,432,700**	**$58,121**
Bottom Line Adjustment – Dental	n/a	n/a	n/a
Bottom Line Adjustment – Premium Tax Backfill	n/a	n/a	n/a
Bottom Line Adjustment – Provider Efficiency Capture of 4%	n/a	n/a	n/a
Total Expenditure	**$39,082**	**4,432,700**	**$55,603**

Table Notes:

1. *Due to dual eligibility across programs, enrollment figures have been adjusted to avoid duplication resulting in skewed per capita calculations.*
2. *Medicare out-of-pocket is included in the Medicare total; out-of-pocket costs for programs and services not covered by the UHC plan are excluded.*
3. *Small differences in totals and differences may be present due to rounding.*

Table 4 – Average Aggregate Population Growth Rates 2020 - 2030

Year	Total Population	Percent Change
2020	4,243,791	0.69%
2021	4,266,560	0.54%
2022	4,296,800	0.71%
2023	4,331,100	0.80%
2024	4,366,900	0.83%
2025	4,404,000	0.85%
2026	4,432,700	0.65%
2027	4,468,800	0.81%
2028	4,505,500	0.82%
2029	4,542,800	0.83%
2030	4,580,700	0.83%

Table 8 – CY2019 and CY2026 Baseline Expenditure Estimates (in billions)

Coverage / Expenditure Type	2019 Expenditures	2026 Enrollment	2026 Status Quo Expenditures
Individual – Exchange	$996	155,846	$1,389
Public Employees Other Than PEBB/OEBB	$2,842	422,071	$3,965
Employer Sponsored Insurance/Other Individual	$8,657	1,353,366	$12,077
Oregon Public Employees (PEBB)	$973	144,473	$1,357
Oregon Educators (OEBB)	$730	140,107	$1,018
Medicare	$9,420	822,923	$15,804
Medicaid	$9,936	903,944	$14,590
Children's Health Insurance Program (CHIP)	$448	135,354	$659
Out of Pocket	$1,543	n/a	$2,056
Uninsured	$1,208	314,722	$1,610
General Assistance (Charity Care)	$121	n/a	$161
Community Behavioral Health (non-Medicaid)	$695	n/a	$919
Sub Total Expenditure	**$39,082**	**4,432,700**	**$58,121**
Bottom Line Adjustment – Dental	n/a	n/a	n/a
Bottom Line Adjustment – Premium Tax Backfill	n/a	n/a	n/a
Bottom Line Adjustment – Provider Efficiency Capture of 4%	n/a	n/a	n/a
Total Expenditure	**$39,082**	**4,432,700**	**$55,603**

Table Notes:

1. *Due to dual eligibility across programs, enrollment figures have been adjusted to avoid duplication resulting in skewed per capita calculations.*
2. *Medicare out-of-pocket is included in the Medicare total; out-of-pocket costs for programs and services not covered by the UHC plan are excluded.*
3. *Small differences in totals and differences may be present due to rounding.*

Average Annual Growth Rates 2019 - 2026

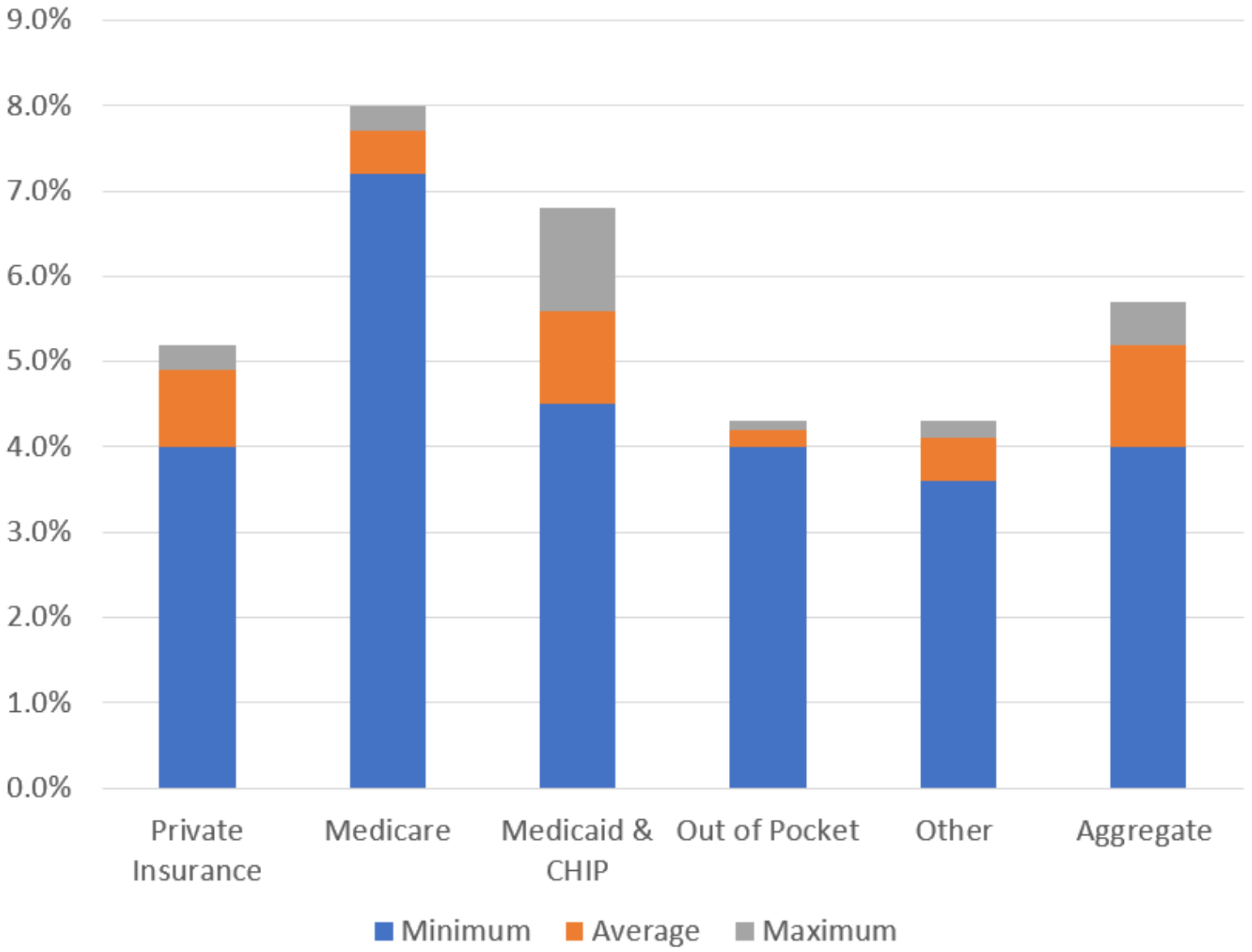
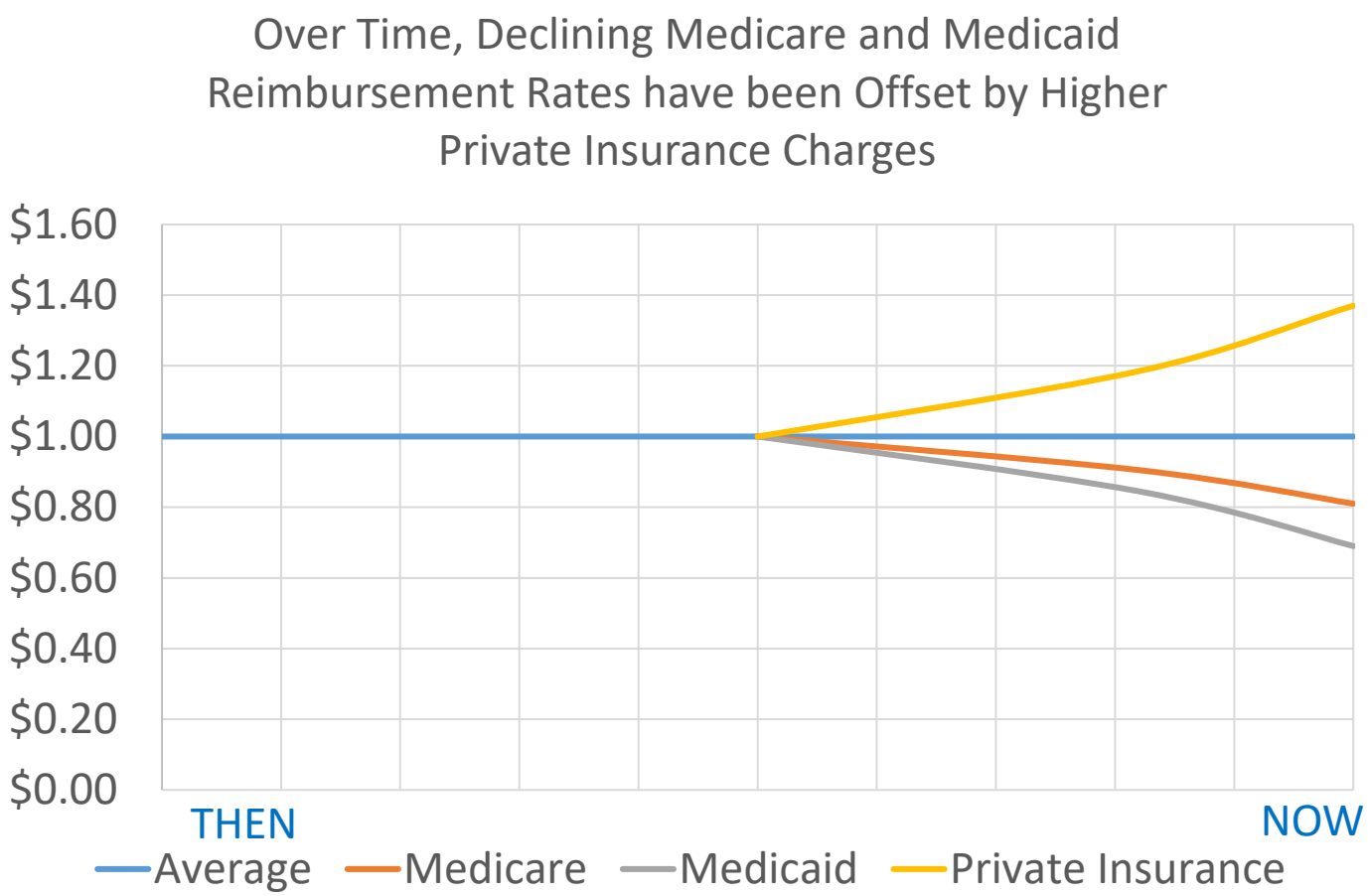


Table 8 – CY2019 and CY2026 Baseline Expenditure Estimates (in billions)

Coverage / Expenditure Type	2019 Expenditures	2026 Enrollment	2026 Status Quo Expenditures	2026 Single Payer Expenditures	Difference
Individual – Exchange	$996	155,846	$1,389	$729	($660)
Public Employees Other Than PEBB/OEBB	$2,842	422,071	$3,965	$2,068	($1,896)
Employer Sponsored Insurance/Other Individual	$8,657	1,353,366	$12,077	$6,371	($5,706)
Oregon Public Employees (PEBB)	$973	144,473	$1,357	$708	($649)
Oregon Educators (OEBB)	$730	140,107	$1,018	$531	($487)
Medicare	$9,420	822,923	$15,804	$19,501	$3,697
Medicaid	$9,936	903,944	$14,590	$19,631	$5,041
Children's Health Insurance Program (CHIP)	$448	135,354	$659	$331	($327)
Out of Pocket	$1,543	n/a	$2,056	$2,022	($34)
Uninsured	$1,208	314,722	$1,610	$2,652	$1,043
General Assistance (Charity Care)	$121	n/a	$161	$157	($3)
Community Behavioral Health (non-Medicaid)	$695	n/a	$919	$910	($9)
Sub Total Expenditure	**$39,082**	**4,432,700**	**$58,121**	**$55,613**	**$9**
Bottom Line Adjustment – Dental	n/a	n/a	n/a	$723	$723
Bottom Line Adjustment – Premium Tax Backfill	n/a	n/a	n/a	$396	$396
Bottom Line Adjustment – Provider Efficiency Capture of 4%	n/a	n/a	n/a	($2,106)	($2,106)
Total Expenditure	**$39,082**	**4,432,700**	**$55,603**	**$54,626**	**($977)**

Table Notes:

1. *Due to dual eligibility across programs, enrollment figures have been adjusted to avoid duplication resulting in skewed per capita calculations.*
2. *Medicare out-of-pocket is included in the Medicare total; out-of-pocket costs for programs and services not covered by the UHC plan are excluded.*
3. *Small differences in totals and differences may be present due to rounding.*



$1.37 Private Insurance

$1.00 Avg Cost of Care
$0.81 Medicare
$0.69 Medicaid

Schematic by W.George. Data from Oregon Task Force on Universal Health Care

Table 5. Drivers of Cost Changes in a Universal System

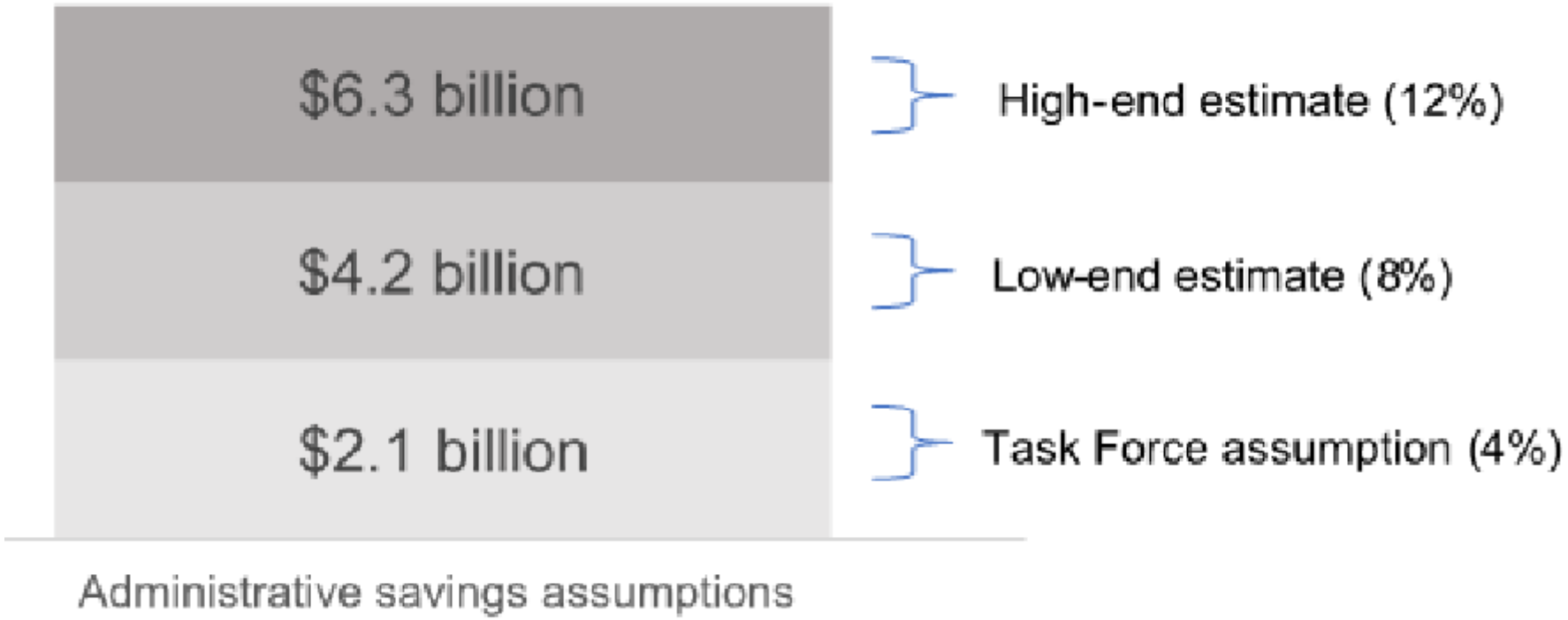
Increased utilization	↑
Upgrade to PEBB benefits	↑
Covering the uninsured	↑
Improved purchasing power	↓
Administrative savings	↓
Decreased fraud, waste and abuse	↓
Removal of insurer profits	↓
Aggregate Savings	**$980 million**

Data: Optumas Report at Appendix B
Source: Legislative Policy and Research Office

Table 6 – Summary of Adjustments to Develop CY2026 Single Payer Expenditure Projection

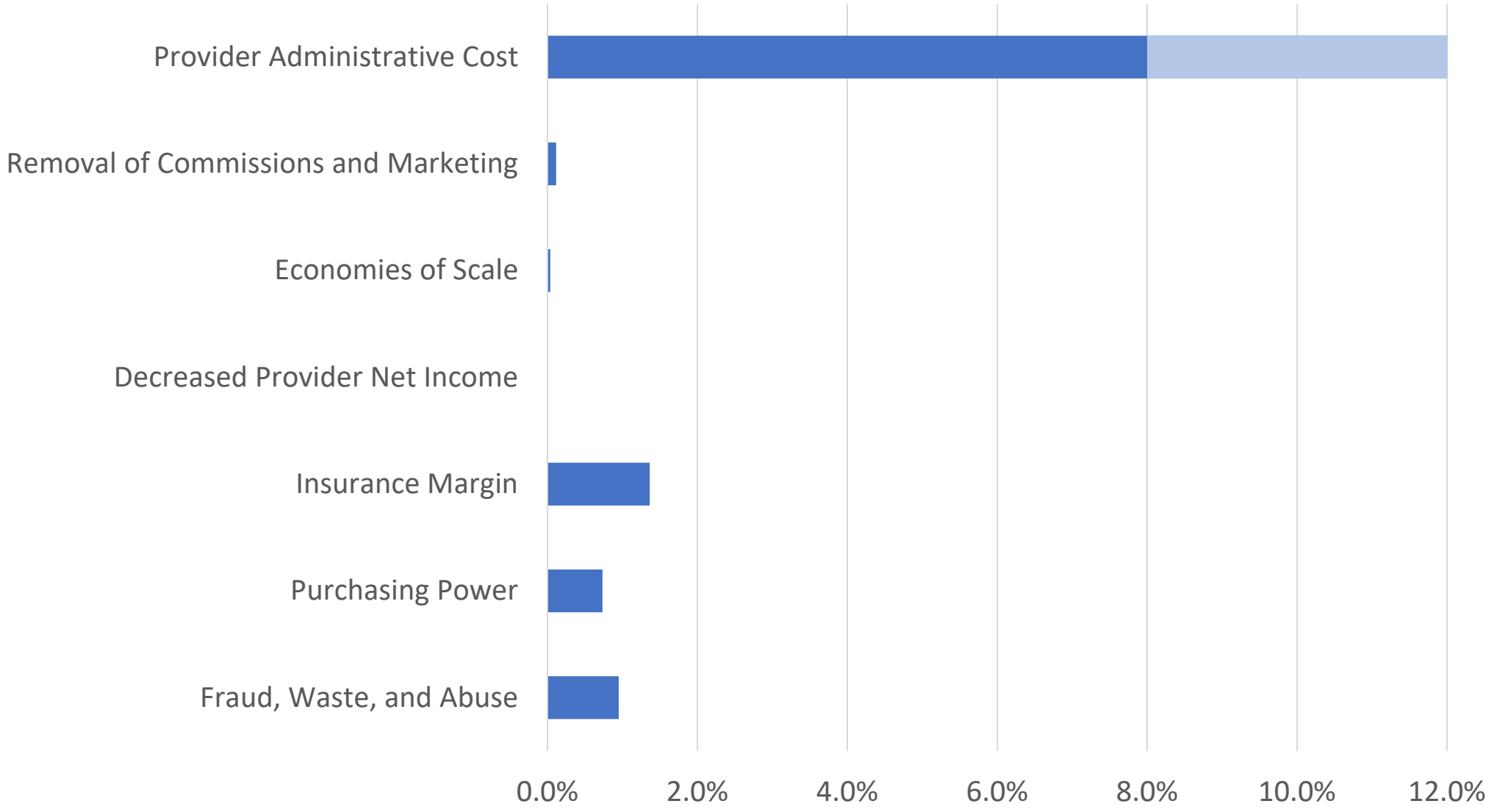
Adjustment Classification	Cost Estimate Adjustment Description	Impact	Aggregate Expenditure (2026 Initial Year)[160]
Utilization	Utilization Impacts Associated with Eliminating Cost Sharing	↑	$851 M
	Fee Schedule Normalization (Underserved Populations)	↑	$35 M
	Benefit Change (Standardized Benefit Plan)	↑	$438 M
	Incremental Additional Dental Coverage	↑	$723 M
	Coverage for Uninsured Populations	↑	$1.09 B
Unit Cost	Purchasing Power (Price Negotiation)	↓	-$408 M
	Fee Schedule Normalization (Rebalance Unit Pricing)	=	$0
	Provider Rate Change (Administrative Efficiency)	↓	($2.11) B
Plan Administrative Efficiency	Fraud, Waste, and Abuse	↓	($529) M
	Margin Removal (Insurance Margin)	↓	($758) M
	Economies of Scale (Eliminating Insurance Carriers)	↓	($20) M
	Removal of Commissions and Marketing (Insured Carriers)	↓	($65) M
Other Adjustments	Health Insurer Fees (Oregon premium tax – Net Adjustment)	↓	($226) M
Total Impact of Adjustments		↓	**($979) M**

Figure 5. Health System Administrative Savings



Data: Optumas Report at Appendix B.
Source: Legislative Policy and Research Office

Estimate of Savings



Estimate of Increased Services

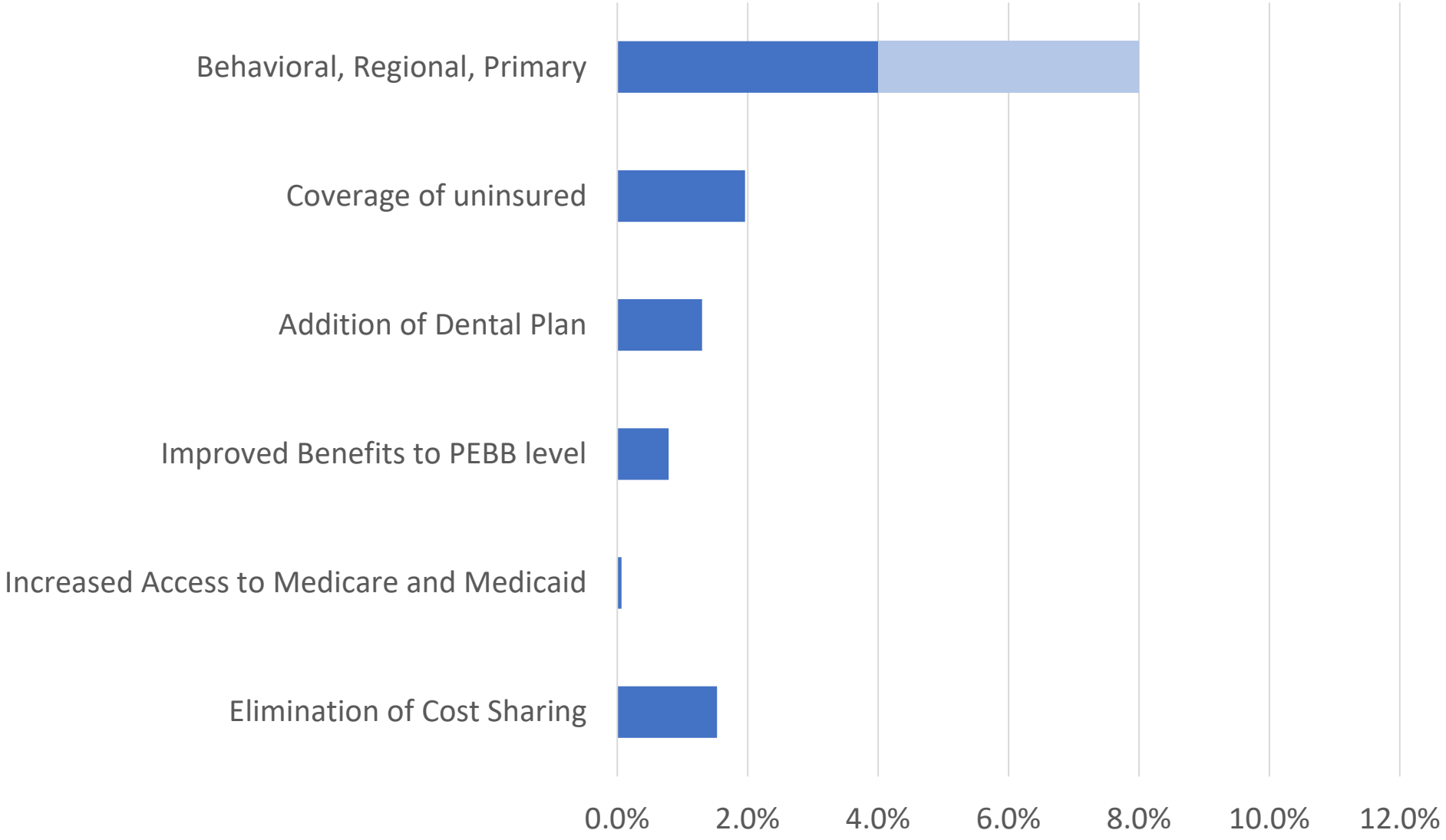


Table 8 – CY2019 and CY2026 Baseline Expenditure Estimates (in billions)

Coverage / Expenditure Type	2019 Expenditures	2026 Enrollment	2026 Status Quo Expenditures	2026 Single Payer Expenditures	Difference
Individual – Exchange	$996	155,846	$1,389	$729	($660)
Public Employees Other Than PEBB/OEBB	$2,842	422,071	$3,965	$2,068	($1,896)
Employer Sponsored Insurance/Other Individual	$8,657	1,353,366	$12,077	$6,371	($5,706)
Oregon Public Employees (PEBB)	$973	144,473	$1,357	$708	($649)
Oregon Educators (OEBB)	$730	140,107	$1,018	$531	($487)
Medicare	$9,420	822,923	$15,804	$19,501	$3,697
Medicaid	$9,936	903,944	$14,590	$19,631	$5,041
Children's Health Insurance Program (CHIP)	$448	135,354	$659	$331	($327)
Out of Pocket	$1,543	n/a	$2,056	$2,022	($34)
Uninsured	$1,208	314,722	$1,610	$2,652	$1,043
General Assistance (Charity Care)	$121	n/a	$161	$157	($3)
Community Behavioral Health (non-Medicaid)	$695	n/a	$919	$910	($9)
Sub Total Expenditure	**$39,082**	**4,432,700**	**$58,121**	**$55,613**	**$9**
Bottom Line Adjustment – Dental	n/a	n/a	n/a	$723	$723
Bottom Line Adjustment – Premium Tax Backfill	n/a	n/a	n/a	$396	$396
Bottom Line Adjustment – Provider Efficiency Capture of 4%	n/a	n/a	n/a	($2,106)	($2,106)
Total Expenditure	**$39,082**	**4,432,700**	**$55,603**	**$54,626**	**($977)**

Table Notes:

1. *Due to dual eligibility across programs, enrollment figures have been adjusted to avoid duplication resulting in skewed per capita calculations.*
2. *Medicare out-of-pocket is included in the Medicare total; out-of-pocket costs for programs and services not covered by the UHC plan are excluded.*
3. *Small differences in totals and differences may be present due to rounding.*

Table 9 – 5-year Baseline vs. Single Payer Estimates (in billions)

	2026	2027	2028	2029	2030
Total Expenditures – Baseline	$55.60	$59.11	$63.04	$67.24	$71.71
Total Expenditures – Single Payer	$54.62	$58.13	$62.58	$66.13	$70.18
Difference	**($0.98)**	**($0.98)**	**($0.46)**	**($1.11)**	**($1.53)**

Table 11 – 2026 Revenue Estimates (in billions)

Program / Population	2026 Baseline	Single Payer	Difference
Employer premium contribution	$12.47	$0.00	($12.47)
Charity	$0.16	$0.00	($0.16)
Employee / Individual Medicare premiums are only individual contributions under single payer	$11.63	$2.10	($9.52)
Federal Title XVIII (Medicare)	$11.78	$11.78	$0.00
Federal Title XIX (Medicaid)	$10.86	$12.86	$2.00
Federal Title XXI (CHIP)	$0.43	$0.43	$0.00
Exchange Subsidies/SAMHSA	$0.88	$1.17	$0.30
State Funds and Household contribution and employer payroll tax	$6.35	$26.29	$19.93
PEBB/OEBB non-GF Revenue	$1.06	$0.00	($1.06)
Total Expenditures	**$55.60**	**$54.63**	**($0.98)**

Table 9. Current System and Universal Health Plan Revenues

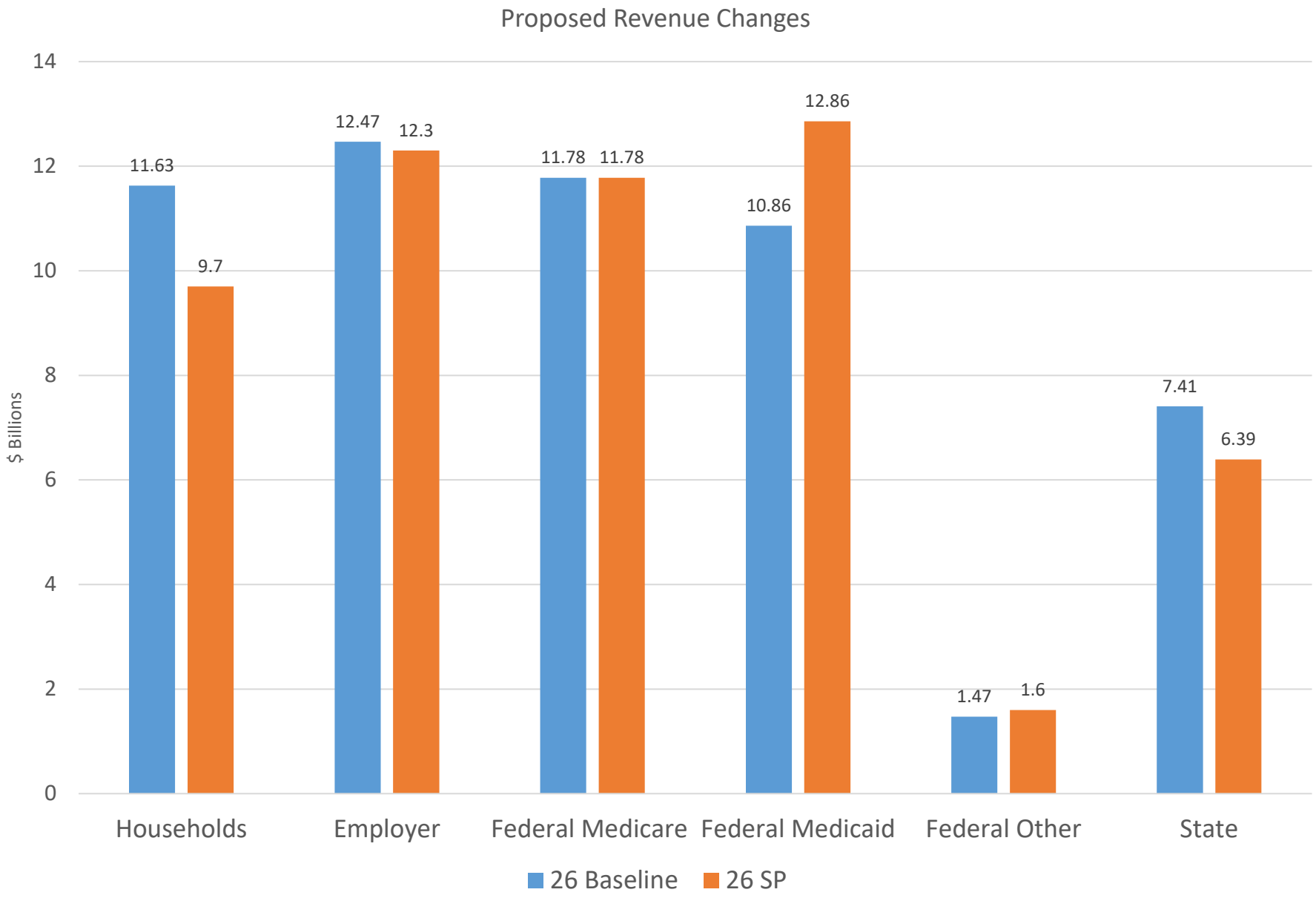
Revenue	Households	Employer	Fed./Other	Totals
Current System	$11.63 billion	$12.47 billion	$31.50 billion	$55.63 billion
Universal Health Plan	$9.70 billion	$12.30 billion	$32.63 billion	$54.60 billion
Projected Savings	$1.93 billion	$170 million	($1.13) billion	$980 million

Table 6. Universal Health Plan Revenues

Revenue Source	2026
Medicaid	$12.9 billion
Medicare	$11.8 billion
Other Federal	$ 1.6 billion
Employer Contribution	$12.3 billion
Individual Contribution (incl. Medicare Premiums)	$ 9.7 billion
Other/State	$ 6.4 billion
Total	$54.6 billion[110]

Data: Optumas Report at Appendix B.
Source: Legislative Policy and Research Office

Funding would include state revenues that in the current system pay for state health programs, like community behavioral health. Funding will need to include new sources of revenue to pay for the Universal Health Plan, including contributions from employers and individuals.

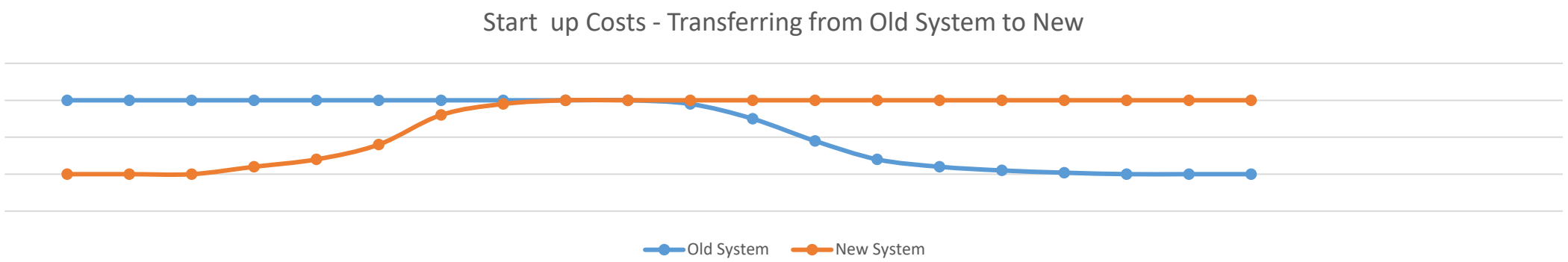

Proposed Revenue Changes
14
12
10
8
6
4
2
0
$ Billions
11.63
9.7
12.47
12.3
11.78
11.78
10.86
12.86
1.47
1.6
7.41
6.39
Households
Employer
Federal Medicare
Federal Medicaid
Federal Other
State
26 Baseline
26 SP

2026 Fiscal Impact Summary

Enrollment (projected total individuals)	4,432,700
Baseline (status quo) in billions	$55.60
Universal Health Care in billions	$54.63
Savings in billions	($0.98)

Not Included in Optumas Model

- Administrative start up costs – Cost overlap



- IT Start up Costs - Front Heavy
- Operating Reserves
  - 4 to 8 months of system expenditures
  - $8 B to $16 B Current state indebtedness is ~ $13.3 B

Border Employees

The Task Force contemplated extending coverage to employees that live in border states but work in Oregon. The size of this population and their dependents is estimated to be 286,751, which is based on a combination of public reporting by the Oregon Employment Department and the average dependent rate found in the PEBB program.[183]

The total costs of including this population in the model were estimated to be $2.55 billion. Including this population impacts the cost estimate for all other populations to pricing normalization; consequently, prior reporting of the cost for this population when included in the model are different than the estimated costs when it is removed.

Optumas Disclaimer

- “The Optumas model is a budgetary projection, not actuarily sound rates for the population with quantifiable confidence intervals.”

Questions?

Resources:

Joint Task Force on Universal Health Care Final Report and Recommendations:

https://www.oregon.gov/oha/HPA/HP/TFUHC%20Meeting%20Documents/Joint%20Task%20Force%20on%20Universal%20Health%20Care%20Final%20Report%20%20Recommendations%20Oct%202022.pdf

Appendix B. Universal Health Care Financial Modeling September 2022:

https://www.oregon.gov/oha/HPA/HP/TFUHC%20Meeting%20Documents/Joint%20Task%20Force%20on%20Universal%20Health%20Care%20Final%20Report%20%20Recommendations%20Oct%202022.pdf#page=72

Task Force Meetings:

https://www.oregon.gov/oha/HPA/HP/Pages/Task-Force-Universal-Health-Care.aspx

Universal Health Plan
Governance Board

Attributes of a Financial Plan for the Universal Health Plan – Discussion and Potential Recommendation to the Board

Chair George

Reflections from the Committee and Next Steps

Chair George

Public Comment

Universal Health Plan
Governance Board

Thank you