

NAIFA Oregon

Combined Governmental Affairs/Health Conference Call, 2/14/18

In attendance: (those who identified themselves)

Roger Beyer, Lobbyist

Paul Hagemann, IFAPAC

Lisa Lettenmaier, Health Chair

Sheri Weber

Mai-Han Shultz

John Thunnell

Jeff St. Clair

Dave Willis

*Mary Louise VanNatta, Staff,

*Sidney Gallardo, Staff

The meeting was called to order at 9:01 a.m.

Governmental Affairs- Roger Beyer

LEGISLATIVE BILLS

[SB 1517](#) - (AMENDMENT REMOVED) Was just passed out of the committee without the Life and Health insurance amendments. We no longer have to worry about this bill.

- Beyer spoke to the committee chair, Senator Brian Boquist, who authored the amendments. The Boquist believes there are 44 unregulated Life and Health insurers in the State of Oregon that are not regulated due to their nonprofit status. Most of these companies are “fraternal organizations” like “Woodmen of the World,” “National Catholic Society of Foresters” etc. ODS, Providence, Kaiser are also included
- NAIFA contends that these companies are regulated under rules as Fraternal Organizations
- Boquist’s amendments were placed into this bill, which was an unconventional way to do it.
- **NAIFA has concerns that the Legislator received incorrect information and that these groups are not “unregulated”. After discussions with our lobbyist, the amendments were pulled and the issue is behind us**

[HB 4156](#): (DEAD) “Prohibits carriers offering health benefit plans from making specified changes to prescription drug coverage during pan year.”

- This bill is dead for the session
- A public hearing was held a week ago and it didn’t pass out of committee
- **NAIFA Oregon supported this bill as a consumer protection**

[HB 4079](#): (IN WAYS & MEANS) “Requires Department of Human Services to disregard as resources moneys held in specified pension and retirement accounts in determining eligibility for temporary assistance for needy families.”

- Passed out of Committee today (2/14/18) without amendments and is on its way to Ways & Means committee

- Fiscal impact is minimal
- Passed out of committee 6-3
- **NAIFA Oregon's concerns with this bill are with regards to families who have substantial investments or retirement accounts still gaining access to financial assistance. NAIFA Oregon has requested that some form of "means testing" be applied.**

NAIFA OREGON LEGISLATIVE ALERT!!!

HJR 203 (HEADED TO SENATE) "Proposed amendment to Oregon Constitution establishing obligation of state to ensure every resident of state access to cost-effective, medically appropriate and affordable healthcare."

- Passed the floor with all R's against, all D's for
- Headed to the Senate
- This is a move to single payer
- If it passes the Senate it goes on the ballot for the people to vote in the November election
- Update essentially says: It is the obligation of the state that every Oregonian have access to cost effective, medically appropriate healthcare as a fundamental right
- **NAIFA Oregon's concerns;**
 - **The legislature does not have a definition as to what constitutes "cost effective" or "affordable" health care nor do they have a plan on how to pay for it**
 - **If passed, this would set Oregon up for an unprecedented amount of law suits. Remember, what is affordable to you may not be affordable to someone else.**
 - **Senator Roblan is a key person to contact and Jeff St. Clair will visit with him**
 - **Any other NAIFA members in his district are encouraged to contact him**
 - **This is a short session that only runs until March 11th**

SB 1528: (HEADED TO SENATE FLOOR)

- This is a tax bill that would disconnect Oregon small businesses (LLC, S Corps) from the Federal tax cuts ie:20% deduction for pass-through income...this is expected to generate \$180 million in income from small business owners in Oregon
- The bill would also cap tax reductions to business owners at \$250k or less. Any pass through business owner above that level would be taxed at 9.9%...this is expected to raise another \$30mil in revenue
- Sole proprietors would not be affected
- Oregon would redistribute the tax revenue by giving a \$50 tax credit per person to all Oregonians leaving a net tax revenue of \$80mil. Even low income earners, who did not pay taxes, would receive the \$50 refundable tax credit...effectively a redistributing income from small business owners to the individual
- Senator Riley had an emergency surgery this week and is out so the bill is waiting to be called for a vote
- **NAIFA Oregon's concerns is this undermines, yet again, our Oregon small business owners, many of whom are our clients**

The following coalition composed of NFIB, Oregon Farm Bureau, Oregon Seed Council, OFS, Far West Agribusiness Association, PHCC, Associated Oregon Loggers, Inc., OHPBA, OPSA, ODFA, OVDA, Oregon Association of Nurseries, Oregon's Cattleman's Association, and AGC wrote the following opposition letter:

Oppose SB 1528A: Tax increase on Oregon's homegrown businesses

As a result of federal tax reform, Oregon small businesses will receive a tax savings—a 20% deduction on business income for all pass-through entities to maintain parity with C-Corps.

But now, even *before* state economists have determined the full impact of federal tax reform on Oregon's income tax revenues, SB 1528A is up for a vote. **This bill would eliminate these tax savings and raise taxes on Oregon small businesses by eroding the state's own pass-through entity tax rate structure, the 2013 Small Business Tax Cut.**

SB 1528A:

- Raises **\$181 million** in revenue by disconnecting Oregon from the federal tax code that applied to pass through business deductions.
- Undermines the 2013 Grand Bargain by capping tax reductions to business owners at \$250,000 or less in income. Any pass-through business owner above that level would be taxed at the **maximum Oregon tax rate** of 9.9 percent. This raises **\$30 million** in revenue.
- Adds sole proprietorships to the Small Business Tax Cut with the caveat that they have at least one year-round, full-time employee. These tax **savings are minimal** when compared to the tax break that will be lost by decoupling from the federal tax code.

Many small businesses lack the capital to reinvest in infrastructure needed to expand. The state should not inhibit economic growth by taxing these businesses in good years.

The net effect SB 1528A is not revenue neutral. SB 1528A is a bill for raising **\$81.4 million** in the current biennium and hundreds of millions in new revenue over the next several years.

Please protect Oregon's small and family owned businesses

Please vote NO on SB 1528A

Health Update

Lettenmaier referenced the following memo released by the Oregon Department of Consumer and Business Services (DCBS) on 2/13/18:

Salem — Oregon is one of the first three states to receive funding from the Centers for Medicare and Medicaid Services to support a state reinsurance program. The state's award will be approximately \$54 million.

The Oregon Reinsurance Program, created during last year's legislative session, spreads the risk of high-cost claims among all insurance companies to steady the individual health market. The Oregon Department of Consumer and Business Services will manage the program.

"This federal funding recognizes our work to provide comprehensive health insurance options for Oregonians," said Cameron Smith, director of the Department of Consumer and Business Services. "The Oregon Reinsurance Program will help provide market stability for over 200,000 individuals, and encourage insurance companies to offer plans in every corner of the state."

The reinsurance program will be funded by the federal award, funds from the Oregon Temporary Reinsurance Program that ended in 2016, the Oregon Health Insurance Marketplace assessment, and the assessment that was approved by the Measure 101 vote.

Now that funding is secured, the department can set operating parameters and guidelines for the reinsurance program. Estimated funding will be more than \$90 million for 2018.

Please note, some of the expected funding is coming from the 1.5% Premium tax that was just approved in Measure 101 and was supposed to be used to fund the Medicaid Deficit!

Our next Legislative call is scheduled for March 14, 2018 at 9 am.