



MEMORANDUM

TO: COSA members
FROM: Craig Hawkins and Morgan Allen
DATE: December 4, 2018
RE: Ballot Measure 101

Background

Despite a healthy economy and record state revenues, the 2017 Legislature faced a budget shortfall of over \$1.5 billion dollars to support current state services. This shortfall was driven by many factors, but Oregon's expansion of health insurance to hundreds of thousands of Oregonians with the passage of the federal Affordable Care Act was one of the major state budget cost drivers. Faced with the choice of potentially cutting health insurance benefits for hundreds of thousands of Oregonians, the Legislature returned to previous budget solutions (Hospital Provider Taxes) and new health care premium assessments to avoid these drastic cuts as part of House Bill 2391.

The bill raised state general fund revenue in order to generate significant federal matching funds to cover the cost of health care expansion. The bill included a continuation of various hospital provider taxes and new assessments on health insurance premiums. All told, the bill raised over \$600 million in revenue which could generate close to \$2 billion in federal matching funds for the 2017-19 biennium.

House Bill 2391 was a revenue raising bill and required a 3/5 vote in the House and Senate to obtain passage. While Democrats controlled the House and Senate, they did not have the 3/5 supermajority needed to pass the bill without at least one Republican vote in each chamber. It passed the House on a 36-23 vote and the Senate on a 20-10 vote before being signed into law by the Governor.

During the 2017 Session there was serious discussion about a citizen referral to the ballot of some or all of HB 2391. Ultimately three Republican state representatives (Julie Parrish of West Linn, Sal Esquivel of Medford and Cedric Hayden of Roseburg) organized an effort to collect signatures and qualify Referendum Petition #301 for the ballot. The petition proposed repealing several portions of HB 2391 if it qualified for the ballot.

On October 16, the Elections Division of the Secretary of State announced that RP #301 had 70,230 valid signatures (exceeding the required number of 58,789). Anticipating such a referral, the Legislature passed Senate Bill 229 which assigned any referral related to HB 2391 to a special election to be held on January 23, 2018. The referendum will be the only item on the ballot and was designated Ballot Measure 101 by the Secretary of State.

Ballot Measure 101: What it Does, Estimate of Financial Impact and Ballot Title

Ballot Measure 101 was written to repeal some, but not all, sections of House Bill 2391. According to the official Explanatory Statement for the Measure:

“Ballot Measure 101 asks voters to approve or reject the parts of House Bill 2391 that create the temporary 1.5 percent assessment on insurance companies, the Public Employees Benefit Board and managed care organizations. It also asks the voters to approve or reject the House Bill 2391 amendment to the hospital assessment (0.7%) that goes into effect October 6, 2017...”

According to the official Estimate of Financial Impact, if BM 101 is defeated:

“...there will be a reduction of \$210-\$320 million in state revenue, resulting in a possible reduction of \$630-\$960 million, or more in federal Medicaid matching funds. The total revenue reduction to the 2017-19 state budget may be \$840 million-\$1.3 billion or more.”

The following ballot title summary will be included in Voter’s Pamphlet statements arriving in mailboxes before the end of the year:

(BM 101) Approves temporary assessments to fund health care for low-income individuals and families, and to stabilize health insurance premiums. Temporary assessments on insurance companies, some hospitals, and other providers of insurance or health care coverage. Insurers may not increase rates on health insurance premiums by more than 1.5 percent as a result of these assessments.

In summary, a “Yes” vote will keep all of the provisions and assessments included in HB 2391; this affirms the actions the Legislature took during the 2017 Session. A “No” vote eliminates the assessment on insurance premiums and portions of the hospital provider tax included in HB 2391; this effectively repeals large portions of the original bill passed by the Legislature.

Who is Advocating for a “Yes” Vote?

The “Yes for Healthcare” coalition has formed to support passage of BM 101 in January. To date, over 100 organizations have endorsed passage of the measure. Education organizations including AFT-Oregon, the American Association of University Professors, the American Association of University Women, the Oregon Education Association, the Oregon School Boards Association, the Oregon School Employees Association and the Oregon PTA have joined the coalition. In addition, many of Oregon’s major health care and children’s advocacy organizations such as Children First for Oregon, Kaiser Permanente, the Oregon Association of Hospitals and Health Systems, the Oregon Dental Association, the Oregon Medical Association, the Oregon Nurses Association, the Oregon School Based Health Alliance, Providence Health and Willamette Dental have joined the coalition.

Supporters argue that passage of BM 101 avoids “...reductions to healthcare coverage or benefits for the one million vulnerable Oregonians who count on Medicaid.” They also argue that the Measure helps keep insurance premiums affordable for low-income Oregonians. Failure of BM 101 could mean loss of health insurance benefits for several hundred thousand Oregonians without new revenue to pay for the programs. It also creates a significant deficit in the state budget that has the potential to impact all general fund-reliant programs.

Who is Advocating for a “No” Vote?

Proponents of a “No” vote are led by State Representative Julie Parrish (R-West Linn), who was one of three chief petitioners leading the “Oregonians Against More Healthcare Taxes” coalition which referred HB 2391 to the ballot. Other major financial supporters include the Taxpayer Association of Oregon, State Representative Cedric Hayden (R-Roseburg), and conservative political funders like Andrew Miller (Stimson Lumber).

Opponents argue that HB 2391 raised \$550 million in new health care taxes and acts like a sales tax on insurance premiums, likely increasing health care costs for many Oregonians. Specifically, they argue that BM 101 will cost school districts \$25 million dollars due to health insurance premium assessments. They also argue that 217,000 Oregonians who buy their own health insurance, 11,681 colleges students who buy healthcare through their university and 15,500 small group employers will pay the this new tax on health premiums while many large corporations, unions and others who self-insure are exempt.

Issues of Concern if Ballot Measure 101 fails

COSA staff believes there are several major policy and budget issues worth noting if Ballot Measure 101 does not pass in January. These include:

1. Failure of BM 101 will create a significant budget shortfall that legislators will need to address during the February 2018 Session, creating budgetary chaos in the middle of the biennium during an election year.
2. A majority of legislators are unwilling to jeopardize the health care of so many Oregonians if BM 101 fails. Options for the Legislature include raising other types of revenue and redirecting general fund allocations. This could include consideration of reductions to general fund budgets; the State School Fund is the single largest general fund budget (39%).
3. Failure of BM 101 could lead to the loss of health insurance coverage for tens of thousands of Oregon’s most vulnerable students and their families, thereby exacerbating the unmet health, social, emotional, and mental health needs of tens of thousands of K-12 students.

Sources: Legislative Fiscal Office, Legislative Revenue Office, Oregon School Boards Association, Secretary of State’s Office Online Voters’ Guide, Ballotpedia, yesforhealthcare.org, stophealthcaretaxes.com