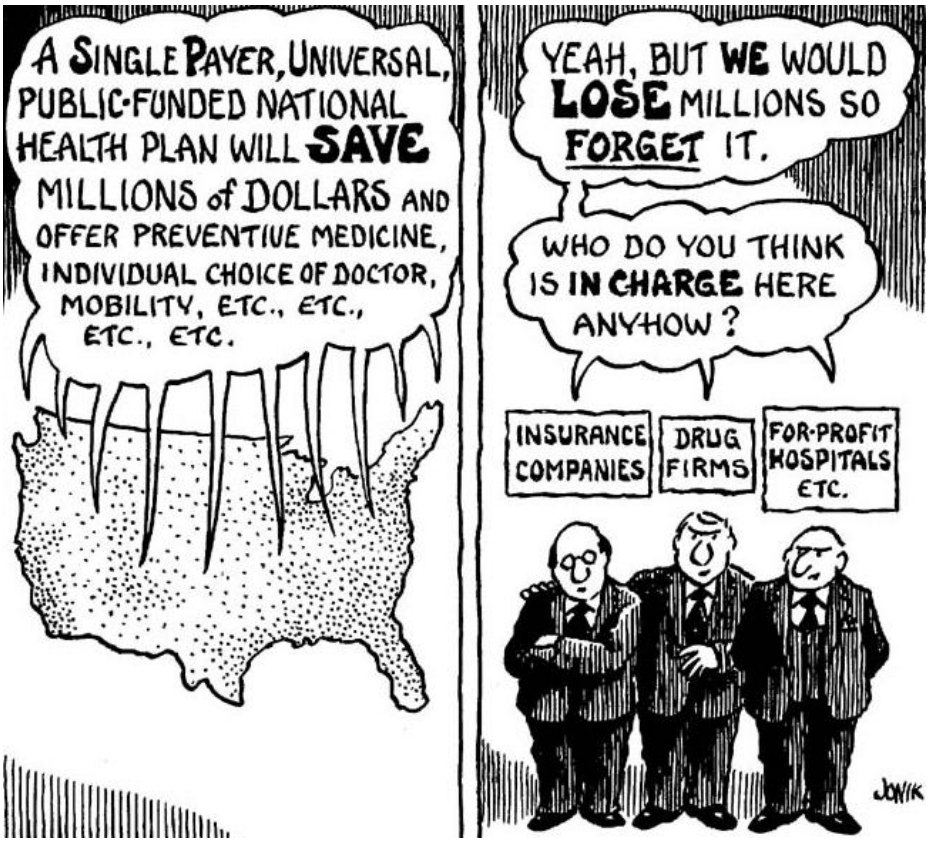
Summary of the RAND study on health care financing in Oregon



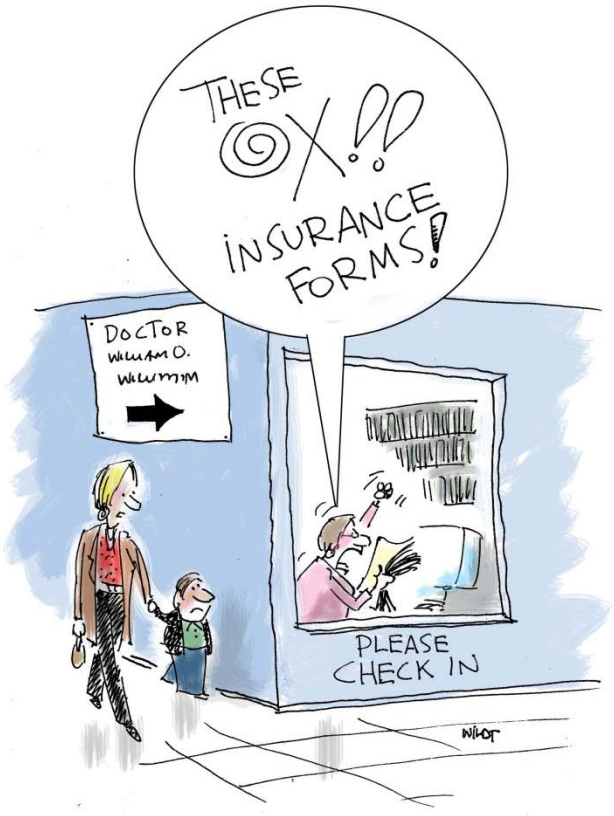
The RAND study found that

- "S*hould Oregon want to achieve universal coverage, Single Payer and Health Care Ingenuity Plan (HCIP) are the most promising options."*
- Single Payer (SP) would cost **roughly the same as the status quo**, whereas HCIP would be significantly more expensive.
- SP is the only option that significantly **reduces financial barriers to care.**
- SP is the only option which is essentially progressive (% of household income going to health care increases with income) - all of the other options are significantly regressive.
- With SP, all income groups except those above 400% of poverty level would have **lower health care costs** than any other option.

RAND recommends that Oregon "*seek legal counsel to determine whether an ERISA challenge is likely and to assess possible steps to minimize the possibility of a successful challenge."* ERISA is a federal law protecting employee retirement and health benefits which prohibits states from interfering with health care provided by self-insured employers or multi-employer multi-state plans. Such plans cover 25% of Oregon's population.

RAND did not appropriately examine how SP reduces administrative costs, primarily because RAND completely ignored the effect of administrative simplicity in provider offices under SP.

- RAND referenced appropriate studies finding SP would lead to average administrative savings of 11% of total health care costs, but then claimed Oregon administrative savings would be only 1.7% ($600 million annually).
- 11% savings in Oregon would be $4 billion annually, or $3.4 billion greater than what RAND reported.
- RAND assumes provider reimbursement is 10% lower with SP than the status quo, which amounts to $3.1 billion.
- The extra $3.4 billion in administrative savings is greater than the $3.1 billion decrease in reimbursement, leading to a likely increase in provider net compensation on average.
- Billing and insurance related activities (BIR), a significant part of administrative activity in the U.S., consume substantially more time in provider offices in the U.S. than in countries with SP.
- SP administrative simplicity would allow providers either to see more patients (and thus increase compensation), spend more time with patients (thus increasing the quality of care), or spend less time in the office (leading to less burnout). All of these factors would help mitigate the expected increase in congestion due to increased demand.



"Son, doctors take the Hippocratic oath, and doctor office managers scream that one."

Some of RAND's financial details seem questionable, so the study does not provide us with the sound quantitative data we need to design an appropriate tax structure to finance a single payer system in Oregon. RAND also did not respond to a request to explore the possibility of the state becoming a Medicare Advantage plan provider.

A work group formed by legislators following the 2017 session could address outstanding issues regarding how best to implement an affordable, publicly funded universal healthcare system in Oregon.

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