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Salem Health Opens Wallet to Lead Fight Against Payroll Tax for Public Transit

The Salem hospital wants to block Oregon's second-largest metro area from its attempt to offer night and weekend bus service because a \$600,000 payroll tax would cut into its profits, which exceeded \$35 million in 2012. The hospital recently received a \$50,000 grant from the transit district to improve transportation options, but has spent \$50,000 to kill the transit district levy.

By Chris Gray

Salem Health is leading the fight to kill a payroll tax for weekend bus service in and around Oregon's capital city, putting up \$50,000 to a conservative business political action committee that opposes the 0.21 percent tax on worker salaries and wages.

To add insult to injury, \$50,000 is the same amount of money that the Salem-Keizer Transit District gave the hospital to hire a coordinator to improve non-emergency medical transportation for patients, who often have no means other than a private automobile to reach the hospital or other medical needs because of meager public transit service.

The Salem-Keizer Transit District is asking voters to approve the payroll tax so it can expand its Cherriots service beyond 9 p.m. in the evenings and on Saturdays and Sundays. The district serves the second-largest metro area in the state but is one of the few areas to have no weekend service.

Beyond the tri-county Portland metro area, Eugene, Bend, Corvallis, Albany, even Tillamook and Newport have weekend bus service -- but not Salem.

The \$50,000 check Salem Health has written for the "Create Jobs PAC," which was created by the Salem Chamber of Commerce, dwarfs all other money the organization has raised in the past year, although some other healthcare players have also hopped on board, including \$500 from Salem Radiology Consultants and \$250 from the self-interested Willamette Valley Transport, which offers



rides to medical appointments for Oregon Health Plan members, who might be less inclined to use their service if public transit improved.

Donations in the low \$1000s have been given by construction and real estate companies, which benefit from urban sprawl.

The transit districts in Portland and Eugene both have a payroll tax which employers, including PeaceHealth, Legacy and Providence pay into, and both are much higher than what Salem is proposing -- 0.7 percent for Lane County and 0.72 for Tri-Met in the Portland metro area.

Marcia Kelley, a Salem-Keizer Transit District member, said one reason Salem has struggled to provide any better service is that it has a disproportionately high number of people in need of paratransit services, such as wheelchair lifts. The American Disabilities Act requires transit districts that offer fixed route services to offer special transportation for people who are unable to easily use regular buses and trains during those same hours of operation.

Because the capital has a large number of state service agencies for people with disabilities, it has more than its share of people with special transportation needs. But because Salem doesn't have fixed route service on Saturdays and Sundays, it doesn't have to offer special transportation then either, leaving this group of people stuck at home from 9 p.m. on Friday till Monday morning, without their usual means to visit family, friends or go shopping for groceries or other errands.

Medicaid recipients do have transportation options for their medical needs, but the payroll tax levy would mean that both paratransit and regular bus service would be available on an expanded schedule.

Salem Health is the largest private employer in Salem, but as a non-profit, it pays no property tax and gets out of most business taxes. But it does cough up money for payroll taxes. Kelley estimated that Salem Health would be forced to pay about \$600,000 a year to the transportation fund -- a sizable chunk of change for the transit district, but small potatoes for a money-flush hospital system that netted \$35.2 million in profit in 2012.

"We knew the hospital would not be happy because by state law the hospital would not be exempted," Kelley told The Lund Report. "The hospital is a non-profit, they are not assessed property taxes to help with the infrastructure in the area."

She said a property tax levy was considered but was unlikely to receive much community support. Caps placed on taxing districts by Measure 5 also would have severely limited the amount of money it could have generated.

The proponents of the transit levy, Yes for Cherriots, have raised just over \$10,400, nearly all of that from the Oregon Transit Association, the nonprofit advocacy wing of the state's three largest transit agencies, including Salem-Keizer.

A recent analysis by Act Now for a Health Oregon, which is affiliated with the Service Employees International Union, found that Salem Health was the second-most lucrative hospital system in Oregon in terms of its cash reserve. In other words, even if Salem Health went without any new payments for its services, it would be able to operate for 298 days on its reserves, second only to the Asante Health System in southern Oregon, which could go 370 days.

By contrast, Act Now calculated that Legacy could operate for 217 days off its reserves.

The Affordable Care Act produced a windfall in profit for Salem Health and other hospitals, eliminating almost all of the cost of treating people without insurance. In theory, the hospitals are expected to find other charitable outlets, but oversight falls on the Internal Revenue Service, which has had its reach severely curtailed by the Republican Congress.

The story about Salem Health's political move against public transit was [first broken by the small, free Salem Weekly](#) newspaper last Thursday. Conspicuously, the daily Salem Statesman-Journal, which receives significant advertising revenue from Salem Hospital, has been moot on the controversy.

An unnamed hospital public relations flak told the Salem Weekly that it couldn't support the expanding bus service beyond business hours because it "will not improve access for Salem Hospital's patients. ... and funding community services that don't directly impact patient care doesn't mesh well with that requirement."

Partially because of poor transit service in Salem, the hospital has increasingly encroached upon the neighborhood, razing buildings and felling century-old oak trees to make way for more and more parking lots to meet the needs of employees and visitors to the hospital.

While Salem Health's focus is set narrowly on its immediate profits, the [upstream public health benefits](#) of public transportation are well-known, through reduced air pollution from automobiles and fewer traffic accidents. Public transportation riders are also much more likely to be physically fit: a study [cited by the Federal Transit Administration](#) showed that men who commute on public transit are 45 percent less likely to be overweight or obese.

Salem Health declined to respond by press time.

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The article incorrectly stated the campaign contributions for Yes for Cherriots! by including receipts from several years ago. We regret the error.

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Very Dissapointing

Submitted by [DUDLEB](#) on Fri, 09/11/2015 - 10:34 [Permalink](#)

Seeing that the ACA has provided organizations like Salem Health to provide less charitable care because of the insurance expansion you would expect them to provide

help to achieve the triple aim. Access to care is critical component of achieving the goals of the triple aim. Lack of transportation for lower socioeconomic groups is one of the reasons for disparities in their health outcomes. Based on this article it seems that Salem Health's opposition to expanding transportation exposes their values and goals. These values and goals are clearly not aligned what many are trying to improve the health of those in their communities. Considering their mission that is pretty sad!!

Bruce Dudley

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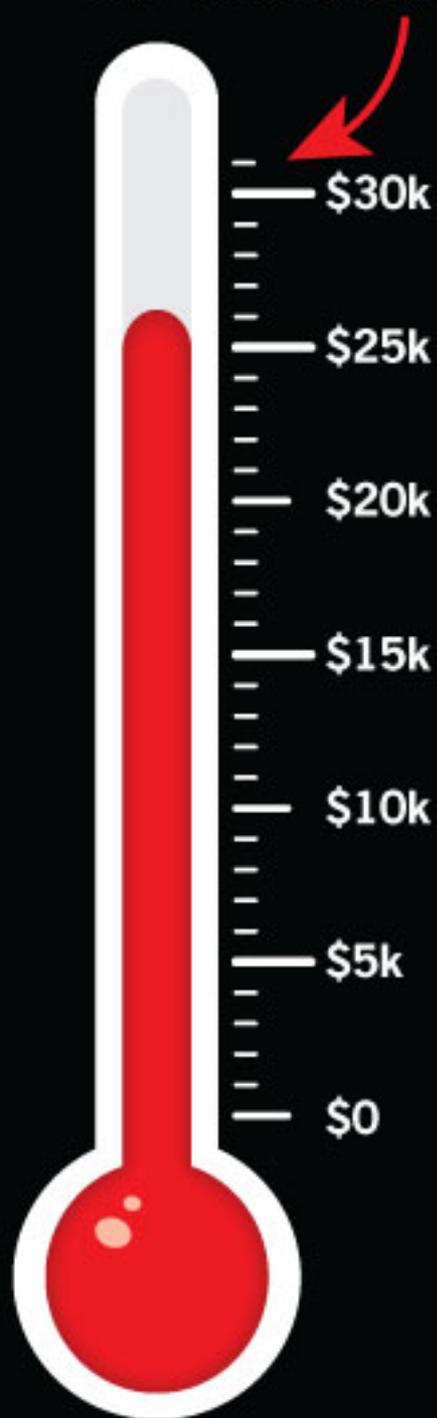
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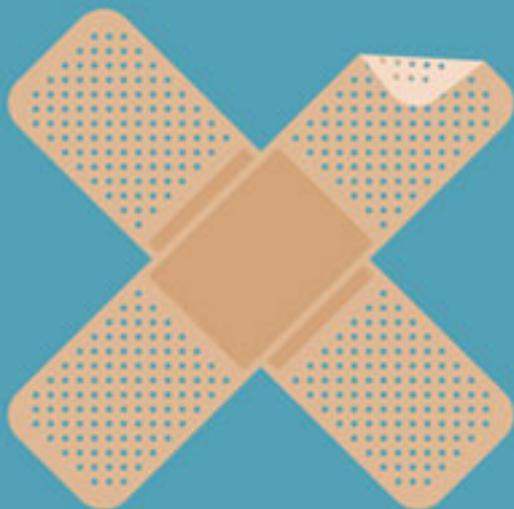
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