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Joint Committee on Ways and Means, Subcommittee on Human Services  
Public Hearing on Senate Bill 900A

Testimony of Dr. Everett W. Newcomb III, Chief Operating Officer, Legacy Health

Co-Chair Nathanson, Co-Chair Bates, Members of the Committee:

I am Dr. Everett “Mike” W. Newcomb, Chief Operating Officer of Legacy Health in Portland, and a member of the Public Policy Committee of the Oregon Association of Hospitals and Health Systems. I come before you today in support of Senate Bill 900A, which would deliver real and meaningful price transparency to Oregonians. For many years, public surveys have shown that health care consumers desire price information before they schedule services. Patients want this information in a simple, easy-to-understand format. Oregon’s hospitals have heard that message loud and clear, and have put forward the bill you are studying today. I want to give you some facts about the bill and then some context about why we have proposed this legislation and why this is a critical first step towards understanding the hospital landscape in our state.

The bill is intended to make complicated price information simple so that the average person who wants to learn what a procedure might cost him or her would be able to get that information at the specific hospital level. We have attacked that goal in two ways.

First, the bill would establish a single, state-sponsored website which consumers could readily access for up-to-date, comparable price data. The hospital association recently launched a similar website which displays hospital quality ratings and allows anyone to search by facility, specific quality measure and even by zip code. We’d believe that SB 900A would lay the groundwork to set up something similar.

Second, the bill would take the state’s own data on actual prices paid for health care services in Oregon, and deliver a median price for common inpatient and outpatient procedures by hospital. Consumers would be able to look up the median price paid for, say, a hip surgery at any hospital in the state. That’s real information that consumers could use to make decisions, and particularly relevant to the five and half percent of Oregonians enrolled in high deductible health plans. The price data that the state is already collecting in the All Payer All Claims database would form the backbone of this website. Taking the median prices paid by commercial insurers, excluding Medicare and Medicaid rates, by procedure provides the most representative view of price and allows people to comparison shop in an apples to apples manner. Finally, since the database already exists, there is no cost associated with data collection.

Some have asked why we are doing this via legislation rather than simply displaying the prices ourselves. There are several reasons. Leveraging the state's database is the simplest way to develop a single website with consistent information. We believe that using a third party like the state will give consumers confidence in the information they find. And finally, we believe that this will help our state move forward in a comprehensive way on price transparency.


Our state, we should note, currently receives an "F" on the scorecard of the Catalyst for Payment Reform, a national group which tracks price transparency nationwide; I have provided a recent report for Oregon as part of this testimony. Using their grading system, and with their input, we came to understand that leveraging the All Payer All Claims database via legislation for a state-sponsored website would move our state considerably closer to an "A". We should all have that goal, because it would mean Oregonians would be able to see what the price for care will be in advance.

SB 900A is an integral component of a three-part approach put forward by Oregon hospitals and our association on increased price transparency. The other two parts of the initiative beyond SB 900A and the website I've described, the Association is:

- Working with the Oregon Health Leadership Council on bringing together its members to work on a plan that would provide the 95% of all Oregonians who are currently insured with cost estimates directly from their insurer that reflect their health plans actual contracted rates with any given provider, as well as their own co-payments and deductibles and;
- For the remaining 5% who are uninsured or seeking care outside their health plans network, Oregon's hospitals have pledged to provide good-faith-estimates to patients in advance of care.

We believe that all these actions, taken together, will deliver a continuum of information on hospital prices that is meaningful, accessible and credible to Oregonians. We need your help on this initiative in passing SB 900A so that we can provide that full scope of options for Oregonians seeking this information. We look forward to working with you to move this bill forward and I thank you for your time. I am happy to answer any questions you might have.

Sincerely,

  
Everett W. Newcomb III, D.O., FACC, FACP  
Chief Operating Officer