



To: Senate Health Care Committee
Date: March 9, 2017
RE: Support for SB 419

The Oregon Education Association, representing 44,000 educators who together serve 600,000 public school students and 70,000 community college students, urges support for SB 419.

SB 419 will bring more reasonable hospital reimbursement rates, lower health care costs for Oregon families, and address one of the largest and most pressing cost drivers facing state and local governments and school districts around Oregon.

Many Oregonians experience financial strain due to hospital and pharmaceutical costs. One in four Oregonians says health care costs have caused a serious financial problem for them as individuals or for their family. Medical bills routinely rank among the top causes for bankruptcies.

Rates for health care plans in the Oregon Educator Benefit Board which provides health care benefits for 150,000 school district and local government employees and their families, have increased by double digits in recent years, driving up costs for school districts and their employees.

At the same time, recent reports have shown that Oregon hospitals' net income has increased by over 50%; hospitals sit on record cash reserves; and hospital executive compensation is out of control.

SB 419 would address one of the primary cost drivers eating into school district and state and local government budgets by establishing a structure to manage and ensure fairness and accountability in hospital pricing. By establishing a commission akin to the successful Maryland State Health Services Cost Review Commission or Oregon Public Utility Commission models, Oregon can begin to provide oversight over hospital rates. SB 419 would hold down hospital price growth, peg prices to a reasonable benchmark, and push for increased accountability.

Oregonians are counting on the Legislature to show the leadership needed to hold down rising costs of services by addressing the primary drivers of those costs. It is time to apply common sense models for holding down health care costs and provide much needed relief for Oregon families, school districts, and other providers of vital public services.