

April 4, 2017

Oregon State Legislature
House Committee on Health Care
900 Court St. NE
Salem Oregon 97301

Re: *House Bill 3418 – Public Employees’ Benefit Board Reimbursement*

Dear Chair Greenlick and Members of the Committee:


On behalf of Oregon’s 62 hospitals, health systems, and the patients they serve, the Oregon Association of Hospitals and Health System (OAHHS) appreciates the opportunity to share our concerns with House Bill 3418.

Oregon health care environment continues to undergo significant transformation, including pricing and payment reform. Provider reimbursement that was once entirely fee-for-service have moved towards a hybrid with the adoption of coordinated care models. Hospitals and health systems are increasingly paid based on performance, at-risk cost of care and other alternative payment models. HB 3418 would lock in the fee-for-service model for hospitals that provide health services to public employees and we believe this model takes health system transformation in the wrong direction.

As a former Chair of the Public Employees’ Benefit Board, I understand the complex contract negotiations that take place between PEBB and health plans to achieve better health, better care and lower costs for public employees and the state. By mandating a reimbursement rate for health care services, HB 3418 would limit PEBB’s purchasing power and remove incentives for health plans and providers to coordinate care and focus on prevention.

PEBB and the Oregon Educators Benefit Board (OEBB) are important payers in Oregon’s health care system. OAHHS supports continuing to work towards a coordinated care model where providers are paid for health outcomes, performance is measured, and we collectively improve the health of our communities.

Thank you for your consideration and we look forward to engaging in the conversation to continue our state’s goal of better care, better health and lower costs.


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