



To: House Health Care Committee
Date: April 14, 2017
RE: Opposition to HB 3428

For the record, my name is John Larson. I am a high school language arts instructor from Hermiston currently serving the Vice President of the Oregon Education Association and a member of the OEBC Board. I am testifying today in opposition to HB 3248.

The motivation behind HB 3248 appears to be to save money in an already strained state budget. While the terms of the bill are very vague, I don't believe this bill can accomplish that goal without irreparably harming the state.

OEBC is just finalizing a year-long RFP process and will be entering into final contracts with the apparent successful proposers shortly. While it is true that OEBC has a termination clause in all its contracts, I don't believe that breaking a good-faith agreement is ever good policy.

Over the past two years, OEBC has tasked MODA to develop Organized Systems of Care modeled after the Organized System of Care members already enjoy with Kaiser. Much like a CCO, OSC's are designed to motivate providers to organize a member's total health care and accept a more rigid payment model. MODA worked extremely hard to create an OSC network in the eastern parts of Oregon that they call Summit, and in the western part of the state that they call Synergy. In 2015-16, 30% of OEBC members took advantage of an organized system of care over that of a more traditional approach to health care. In 2016-17, that number rose to 50% of OEBC members enrolling in an Organized System of Care. As you can see, a pattern is emerging of OEBC members self-selecting OSC's, thus reducing costs.

In Eastern Oregon, the change to OEBC was difficult and the change to an OSC has also had its trials. In the Hermiston, Pendleton, and Milton-Freewater communities, many residents seek health care in Kennewick, Richland, Pasco, or Walla Walla, Washington. In far eastern Oregon communities like Ontario, many members seek their health care in Boise, Idaho. Under this proposed plan, access would be severely limited for residents of border communities.

This bill would limit provider access for all state employees in other ways as well. As businesses, health care providers must make choices as to who they are going to serve. Thus, providers often only take on a certain number of Medicare patients because the amount they will earn from seeing these patients is

less than those in a commercial market. This bill may move public employees from the commercial market to one akin to Medicare or Medicaid. Thus, many providers will limit the number of patients they accept, if any, from among public employees.

Add to this that every one of the 235 individual school districts across the state has a negotiated contract for health care benefits. Often, employees have traded pay increases for increases in the employer paid portion of their health care, finding access to quality health care more important than increases in pay. With the decreases in health care this bill apparently wants to enforce, you would essentially be depriving employees of compensation that has been negotiated without the opportunity to even enter into the discussion. In fact, based on the text of the bill, it is my understanding that the makeup of the PEBB board would remain intact, thus depriving, or at best severely limiting, educators of any input into their own health care.

At the end of the day, the state of Oregon may very well save money by enacting a bill of this nature, but at what cost? There is currently a teacher shortage in Oregon and nationwide. Based on the proposed budget school districts are being faced with laying off employees for the 2017-18 school year and into the foreseeable future. To balance the budget, many districts are proposing cutting salary in the form of cut days from the school year, and the attacks on PERS further make the teaching profession less desirable. Teaching is a noble profession, one into which no one goes to become rich. However, if we expect to continue to attract quality individuals into the profession to work with the children of Oregon, at some point we have got to treat educators with the respect they deserve. HB 3248 does not do this.