

Chair Williamson, vice chairs McLane and Rayfield, and members of the committee – I am Charlie Swanson, a democracy and health care advocate from Lane County. I am testifying in favor of HB 2122 with the -15 amendments.

I will begin with a fictional story.

In 1996, a group of people, primarily physicians but including a few businessmen, worked to establish an innovative **public** health care **agency** to serve low income Oregonians. In their efforts, they **gave up** a few weeks' worth of salary to establish the **agency**, a risk they accepted. In an interesting arrangement, the state gave these people total control of the **agency** through a governing board.

These people continued their other employment, but spent some time directing this **agency**. In 2011, the state changed how federal and state Medicaid funds were disbursed, and put this **agency** in control of nearly all Medicaid dollars for the county, designating the **agency** a community organization, even though they governed behind closed doors.

The state set up a system of metrics to measure the quality of care. The **agency** performed about as well on these metrics as entities in other regions providing similar care. By 2015 the **agency** had accumulated a significant amount of funds from unspent Medicaid dollars. The board of this **public agency** chose to pay \$131 million in **bonuses**, more than a quarter of annual Medicaid funds entrusted to the **agency**. The **bonuses** were paid mostly to those who **gave up** a few weeks' worth of salary to establish the **agency** back in 1996.

Legislators were appalled that unspent Medicaid funds held by this **agency** went to pay such exorbitant **bonuses**. They regretted giving the **agency** such independence. A bill to require more transparency, accountability, and especially more protection of public funds was proposed, and earned wide **bipartisan** support.

Now retell the story, keeping all the external details the same - the quality of care given to the patients, the Medicaid funds involved, and the net compensation to the physicians and businessmen involved are the same. But replace "**gave up**" with **invested**, "**bonuses**" with **returns on investment**, and "**public agency**" with **private company**. Now you have the essentials of the true Trillium story

But why might I also need to delete the prefix "**bi**" from **bipartisan** to keep it true?

To be clear, if the payout had merely been an incredibly generous 10% annual return, few would have noticed. But at over ten times that amount, it is disheartening that other CCOs have not helped with protective legislation. I am worried that instead some are licking their chops planning for their turn.

On another note, I especially appreciate that the -15 amendment recognizes that DCBS needs to be involved in some manner with OHA's effort related to a rules advisory committee. But I am worried that the language in the bill may not yet provide sufficient flexibility and authority to OHA to meet the goals of transparency and accountability recommended by the Oregon Health Policy Board. To meet these goals, OHA may need more authority to enforce accountability and reserve requirements for OHP funds, and these requirements may need to be independent of DCBS requirements for non-OHP funds within the same organization.