

May 18, 2017

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

Re: *House Bill 3418 – PEBB and OEGB Rate Setting*

Dear Chair Williamson and Members of the Committee:

Thank you for the opportunity to testify on House Bill 3418. I am Marty Cahill, CEO of Samaritan Lebanon Community Hospital and I serve on the Oregon Association of Hospitals and Health System's (OAHHS) small and rural hospital committee. On behalf of all of Oregon's 62 hospitals, health systems, and the patients they serve, we oppose HB 3418 and the -5 amendment.

The underlining bill applied a reimbursement cap to Public Employees' Benefit Board (PEBB) claims for all medical, dental, vision or other health care benefits except for primary care and behavioral health homes. The -5 amendment revises the bill to include the Oregon Educators Benefit Board (OEGB) and singles-out hospital services only.

Hospitals and health systems are increasingly paid based on performance and at-risk cost of care. Reimbursement that was once entirely fee-for-service has become a hybrid with the adoption of accountable care models. Medicare rates are developed to meet the needs of older people and younger people with disabilities. Using Medicare to set hospitals for a PEBB and OEGB population is inappropriate and short-sighted.

Combined, PEBB and OEGB cover about six percent of the Oregon population. Samaritan Health Services estimates that our system would have an over five-million-dollar annual impact with PEBB alone and the impact to Samaritan Health Services would be widespread - while rural hospitals are exempt they will be indirectly impacted including our small community hospital in Lebanon.

HB 3418 is not the right answer and could have broader unintended consequences such as shifting costs to commercial payers and limiting our community benefit investments. Thank you for the opportunity to testify and I would be happy to answer any questions.

Marty Cahill, CEO
Samaritan Lebanon Community Hospital