



March 4, 2019

Honorable Chair Laurie Monnes Anderson  
900 Court St NE, S-211  
Salem, OR 97301

**RE: SB 765**

Chair Monnes Anderson, and members of the Senate Committee on Health Care,

PacificSource is an independent, not-for-profit health plan based in Oregon. We serve commercial, Medicaid, and Medicare lives and are the contracted Coordinated Care Organization (CCO) in Central Oregon and the Columbia River Gorge through PacificSource Community Solutions. Our mission is to provide better health, better care, and better value to the people and communities we serve.

We support much of the language in Senate Bill 765 but want to raise a concern with the proposed amendment to the total medical spend formula noted in Section 3(14) of the bill. This change would no longer exclude prescription drugs from the total medical expenditure calculation. We analyzed this proposed change using different methodologies and have found that including pharmacy spending in the denominator definition of "total medical expenditures" will effectively increase the required primary care spend. The current 12 percent primary care spend target will effectively become approximately 14.5 percent under the proposed new formula. CCOs and health insurers will effectively find that the target primary care spending goal posts have moved, and an additional 2.5 percent primary care spend will be needed to meet the statutory requirement set for primary care.

We are focused on the sustainability of the 12 percent primary care spend provision passed through SB 934 in the 2017 session, and providing access to the types of preventive and other health care services our members rely upon. This change will complicate this effort by further confusing the methodology behind the 12 percent, and hinder health plans progress toward the 12 percent spending target.

PacificSource is happy to answer any questions you have and work on language that might achieve the goal of this legislation while minimizing its unintended impacts.

Sincerely

A handwritten signature in blue ink, appearing to read "Mark Florian", with a long horizontal flourish extending to the right.

Mark Florian

VP Actuarial and Underwriting