

March 21, 2019

**Re: Senate Bill 872 – OAHHS Opposes**

Chair Monnes Anderson and Members of the Senate Committee on Health Care:

Thank you for the opportunity to testify on Senate Bill 872. On behalf of Oregon's 62 hospitals and health care systems, and the patients and communities they serve, we appreciate the great work of the taskforce and the sponsors on this bill. OAHHS supports the goal and direction of this bill but we have some concerns with Sections 12 – 14 that would lead to unintended consequence.

OAHHS and its members have led the healthcare field in being transparent on price data through their commitment in providing cost estimates for scheduled hospital services within three business days, in addition to the cost data posted on OregonHospitalGuide.org. This was a concerted effort in part to help consumers make more informed decisions about their health care choices. SB 872 goes beyond what was passed in SB 900 (2015) requiring hospitals to post their prices and would now require hospitals to produce line item costs associated with the preparation, dispensing or administration a pharmaceutical drug. OAHHS has three overarching concerns relating to system capabilities, billing practices and varying drug sources.

SB 872 has laudable intentions of looking into the full drug supply chain including when the hospital purchases a drug to when it dispenses a drug. Unfortunately, hospitals' systems do not currently work at this detailed level and would require large system upgrades to create new procedures and protocols that currently do not exist. The implementation of these new procedures would create a new level of administration that would lead to higher costs. There would also be a disproportionate burden on smaller hospitals and their patients that would have to pay for the costs of updating their systems.

Standard hospital claim forms and billing systems are not set up to report the costs paid for drugs, nor are the payers set up to process this information. Hospital "bundled" charges include the total cost of a procedure. Under bundle billing, there is not a one-to-one relationship between a drug and a patient. For example, under a bundle payment for a procedure with anesthesia it is an average cost for that procedure. What SB 872 is asking hospitals to do is to line item every item down to the amount of anesthesia used. That will vary the costs of a procedure based on the specifics of that patient (i.e. age, height and weight).

Finally, hospitals pay different prices for one drug depending on when and from whom the drug was purchased. Prices can also vary by quantity, dosage and other factors that would vary from patient to patient. For example, if there is a shortage of a drug and the cost of that drug is more expensive a hospital is more likely to charge the patient the average cost of the drug, even though that costs the hospital more to purchase during a drug shortage than another time of the year.

Finally, there are many drugs that patients may receive while in a hospital. We are concerned that this level of detail may not be benefit to a patient and could actually have unintended consequences of patients determining what drugs they want over what is recommended by their provider because of the cost associated with drugs.



OAHHS is committed to working with the sponsors of the bill and taskforce to address these concerns. Thank you for your consideration. Please let me know if you have any further questions.

Sincerely,

Andi Easton  
Vice President Government Affairs  
Oregon Association of Hospitals and Health Systems