

March 25, 2019

Re: Senate Bill 889 – Total Cost of Care Benchmark

Chair Monnes Anderson and members of the committee:

On behalf of Oregon's 62 community hospitals and the patients they serve, the Oregon Association of Hospitals and Health Systems (OAHHS) **supports Senate Bill 889** which would establish a Health Care Cost Growth Benchmark Program in Oregon. Hospitals were actively engaged in the work of the Joint Task Force on Health Care Cost Review (SB 419 (2017)) and support the direction of the task force recommendations.

The in-depth presentations from Maryland, Massachusetts, Pennsylvania and Vermont put into perspective how far Oregon has come in health system transformation along with the opportunities and challenges ahead for a system-wide approach. The task force's final report reflects a clear recommendation: the Maryland hospital rate-setting model is not appropriate for Oregon. Oregon is moving toward a health care system with more value-based payment models and population health approaches, which does not fit with the Maryland model.

However, the Maryland model does highlight the value of an all-payer, all-provider approach, which is reflected in SB 889. The health care growth benchmark concept represents the robust task force discussions, fulfilling the enabling legislation's goals and aligning with the past and future pathway for Oregon's health system transformation. OAHHS supports this concept as a directionally correct model for Oregon to consider. The model envisions a total cost of care approach and could serve as a tool to increase public transparency and accountability.

In considering SB 889, OAHHS will work to ensure focus on four elements:

- All payers and all providers must be included in the program
- Implementation must limit administrative complexity and leverage existing resources
- A transparent and robust methodology must be utilized that does not make any assumptions about what the benchmark may be (i.e., must not assume it will be 3.4%)
- Recommend implementation after considering the many design and implementation elements including but not limited to those highlighted in the current bill

OAHHS recognizes that, above all, reducing the cost of health care, while not sacrificing the health of patients or quality of care, is a complex and urgent societal challenge that we all must contribute toward – providers, patients, health plans, employers, policymakers and others. SB 889 provides a framework for developing a broad-based solution to address the total cost of care in Oregon.

Thank you,



Sean Kolmer
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