



April 19, 2021

Oregon State Legislature
Senate Committee on Health Care
900 Court St. NE
Salem, OR 97301

Re: House Bill 2081A – Health Care Cost Growth Target

Chair Patterson and members of the Senate Committee on Health Care:

Oregon is on a journey to establish a multi-payer, multi-provider health care cost growth target. The Oregon Association of Hospitals and Health Systems (OAHHS) has been engaged since 2017 in the development of this program as a collaborative partner. HB 2081A codifies recommendations made by the SB 889 (2019) implementation committee, including performance improvement plans.

The health care cost growth target continues to be important to the future of Oregon's health care system. However, as noted in previous hearings, hospitals and health systems, as well as the Oregon Health Authority, have been operating in crisis mode for over a year. Organizational capacity continues to be a tested as we approach a potential fourth surge and continue the intense process of administering vaccines. While the term may be overused at this point – the past sixteen months have truly been unprecedented. **We must be clear – hospitals have not had the capacity to build the necessary infrastructure, partnerships, and data capabilities to operate under a cost growth target.**

The operational details of the program continue to remain largely undefined and continue to be developed with the SB 889 implementation committee. We cannot fully participate in an accountability structure until operational issues are resolved. We continue to have questions in the following areas.

- Measuring performance relies on identifying 'justifiable' and 'unjustifiable' factors that contribute to increased costs. We seek to understand how this will be defined without hindering necessary investments in strategies to improve population health and health equity.
- Considering the impact that COVID-19 has had on the health care system, 2021, and likely 2022, are not appropriate base-years. Hospitals are still responding to the pandemic through vaccine rollout and the threat of various virus mutations remains. It is critical that we select baselines without extensive abnormalities related to COVID-19 expenses and drastic changes in volume, risk factors and payer-mix.
- Performance improvement plans are an important element to target accountability. Addressing underlying cost structures will require innovation between payers and providers. We want to ensure adequate time and resources for plan development and implementation for performance to improve.
- We continue to stress the importance of real-time and actionable data to implement population health strategies. The implementation committee developed a set of data strategy principles that have yet to be operationalized. This work will be essential for providers to make meaningful changes to achieve the target. Providers need to be included in the development of these data strategies and also provided ample opportunity to validate the data, for which they will ultimately be held accountable to.

- Communication to provider groups is essential. The preliminary list of payers and providers who would be held to the target need to understand expectations. We question an organization's ability to effect meaningful change if they meet the 10,000-patient threshold, but more than half of those lives are Medicare patients (e.g., Curry Health District).

We urge the Legislature to continue to ask the Oregon Health Authority for a detailed plan and how the agency plans to support the health care system to do this important work including seeking federal permissions for innovative payment and delivery models for Medicaid and Medicare patients. HB 2081A aims to keep Oregon on the path to establishing a health care cost target, but we caution against assumptions that the program is ready at this moment for implementation. More detailed operational work needs to be done by OHA. Additionally, we ask the committee to recognize that addressing underlying costs and increasing value will require new and expanding care delivery models, new and innovative investments, alignment and affiliations with providers and payers in new ways and restructured services.

OAHHS is committed to continued discussions and looks forward to the ongoing work of the SB 889 committee during 2021 to address the issues raised above and ensure critical details are operationalized before the program begins.

Thank you,

Sean Kolmer

A handwritten signature in black ink, appearing to read 'Sean Kolmer', with a long horizontal flourish extending to the right.

Senior Vice President of Policy and Strategy
Oregon Association of Hospitals and Health Systems