



Service Employees International Union – Oregon State Council
6401 SE Foster ▪ Portland, OR 97206

February 11, 2021

Testimony to the House Committee on Health Care in Support of HB 2081

Chair Prusak and Members of the Committee,

My name is Katie Shriver, and I am here representing the Service Employees International Union (SEIU). SEIU is an organization of 85,000 working Oregonians who are represented by our Union. Our mission is to achieve a higher standard of living for our members, their families, and dependents by elevating their social conditions and by striving to create a more just society. We support HB 2081 with the -1 amendments and ask that you add language to the bill to require accountability for the healthcare system to phase in advanced value based payments.

SEIU approaches healthcare policy from the perspectives of our members. This includes members who work in hospitals delivering critical care, members who collectively are significant purchasers privately and through PEBB, and of course SEIU members and their families who use the system as patients. In each instance – as health system employees dealing with short staffing and cost constraints, as major purchasers, and as patients – our members have been struggling for too long with rising healthcare prices.

On behalf of SEIU members and all Oregonians who struggle to access affordable care, I am here today to testify in support of HB 2081. If properly implemented with all parties participating, we believe that a total expenditures growth target will incent all parts of the healthcare system to control Oregon's runaway price problem.

Oregon is headed in the wrong direction, with high and growing prices. Year after year, study after study shows that our prices are high relative to the rest of the nation, and our inpatient prices are even higher. While Oregonians have been facing rising co-pays and deductibles and even forgoing care due to cost, data suggest our hospitals have been raising prices. From 2018 to 2019, hospital operating profits increased by 69 percent (to a total of \$715 million), while the number of emergency room visits and hospital stays remained flat.¹ Oregonians did not receive more care compared to the year before, yet we paid millions more to our hospitals.

Meanwhile, patients continue to struggle under the high cost of care. Healthcare price increases hit families with the lowest incomes the hardest, as healthcare costs crowd out

¹ [Pre-Covid, many Oregon hospitals were in solid shape financially.](#) Portland Business Journal

wages. Now, COVID-19 has made this issue even more urgent, as many have lost work or experienced drastic reductions in income.² A recent Urban institute survey found that families who lost work during the pandemic were twice as likely to avoid going to the doctor strictly because of cost than those who remained employed (1 in 5 vs. 1 in 10). Of those who lost work, nearly 30 percent of Hispanic adults and Black adults reported an unmet need for care because of cost, compared with only 18 percent of white adults.³

Oregon’s growth target has benefited from intense scrutiny and investment by a wide variety of stakeholders, especially the industry itself. First it was the SB419 taskforce, then the SB889 implementation committee, next will be the Cost Growth Technical Advisory Group (TAG)—this effort has been processed for three years. At each stage, healthcare industry representatives, consumer advocates and other stakeholders worked tirelessly to come to a hard-won consensus and set valuable targets and goals for our state. Now is the time to take the agreements made by these diverse constituents and move aggressively toward implementation.

HB2081 adds a valuable piece to the cost growth target puzzle: enforcement. Like any successful program, so too must this one contain enforcement mechanisms. The SB419 blueprint that led to SB889 tasked this advisory group with recommending an accountability and enforcement structure, specifically stating that “Accountability initially involves a performance improvement plan and may progress to enforcement based on repeated violations (i.e., inability to meet benchmark target).” We are in strong support of the menu of options to facilitate compliance that are outlined in HB2081. We think these options provide the right balance of flexibility to create space for learning and enforcement tools to use in the case of repeated, willful violation of the target.

The Legislature should consider including value based payments (VBPs) implementation in HB 2081 along with cost growth target enforcement mechanisms. VBPs are one of OHA’s primary strategies for achieving the triple aim of better health, better care and lower costs for all Oregonians. Whereas the traditional fee-for-service payment model results in a fragmented system and unnecessary costs, transitioning to VBP increases flexibility and incentives for providers to deliver patient-centered, whole person care. And, VBPs are essential for Oregon to meet our stated cost containment goals and balance our budget. During the SB 889 process most Oregon insurers and health systems that were at the table agreed on targets committing to phase in value based payments. Yet since that discussion concluded, SEIU has been concerned that these same insurers and health systems had not signed on to a compact agreeing to do the work necessary to meet those targets. This is a critical step because it will align the work that is already happening in the Oregon Health Plan, PEBB, and OEBC with the commercial market. We ask that you consider adding language to HB 2081 holding insurers and providers accountable for signing the compact.

² Shinkman, Ron. [“COVID-19 is making it harder for some middle income patients to pay premiums, deductibles.”](#) Healthcare Dive, Nov 2020.

³ [Almost Half of Adults in Families Losing Work during the Pandemic Avoided Health Care Because of Costs or COVID-19 Concerns](#), Urban Institute

Oregon's cost growth target and work to implement VBPs are steps forward to achieving the change that our economy and communities need. The urgent work to contain healthcare costs will not be simple; it will be a challenge for some and rub others the wrong way. But, change isn't easy. We must steel ourselves to uphold the goals we have set for ourselves and the promises we have made to the people of Oregon to start to make healthcare more affordable.

Thank you for the opportunity to comment on this issue.

Katie Shriver