



February 11, 2021

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

Re: House Bill 2081– Health Care Cost Growth Target

Chair Prusak and members of the House 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 2081 and the -1 amendment codify recommendations made by the SB 889 (2019) implementation committee.

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, the Oregon Health Authority (OHA) and the health care community are currently operating beyond maximum capacity as we manage the response to COVID-19. Hospitals and health systems, as well as OHA, have been operating in crisis mode for almost a year with the hardest work of vaccine rollout just beginning. While the term may be overused at this point – the past year has 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 remain largely undefined. 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 in the middle of responding to the pandemic as the vaccine rollout is slower than anticipated 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 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.

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. HB 2081 aims to

keep Oregon on the path to establishing a health care cost target, but we caution against assumptions that the program is ready for implementation. 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