
Sustainable Health Care Cost Growth Target Program

Legislative Days September 2022
Patrick Allen, Director



Overview

- **Oregon's Cost Growth Target**
- **2013-2019 Cost Growth Trends**
- **What's Next**

Oregon's Cost Growth Target

High health care costs lead to many negative impacts for people in Oregon



Delaying
care



Difficulty
paying
medical bills



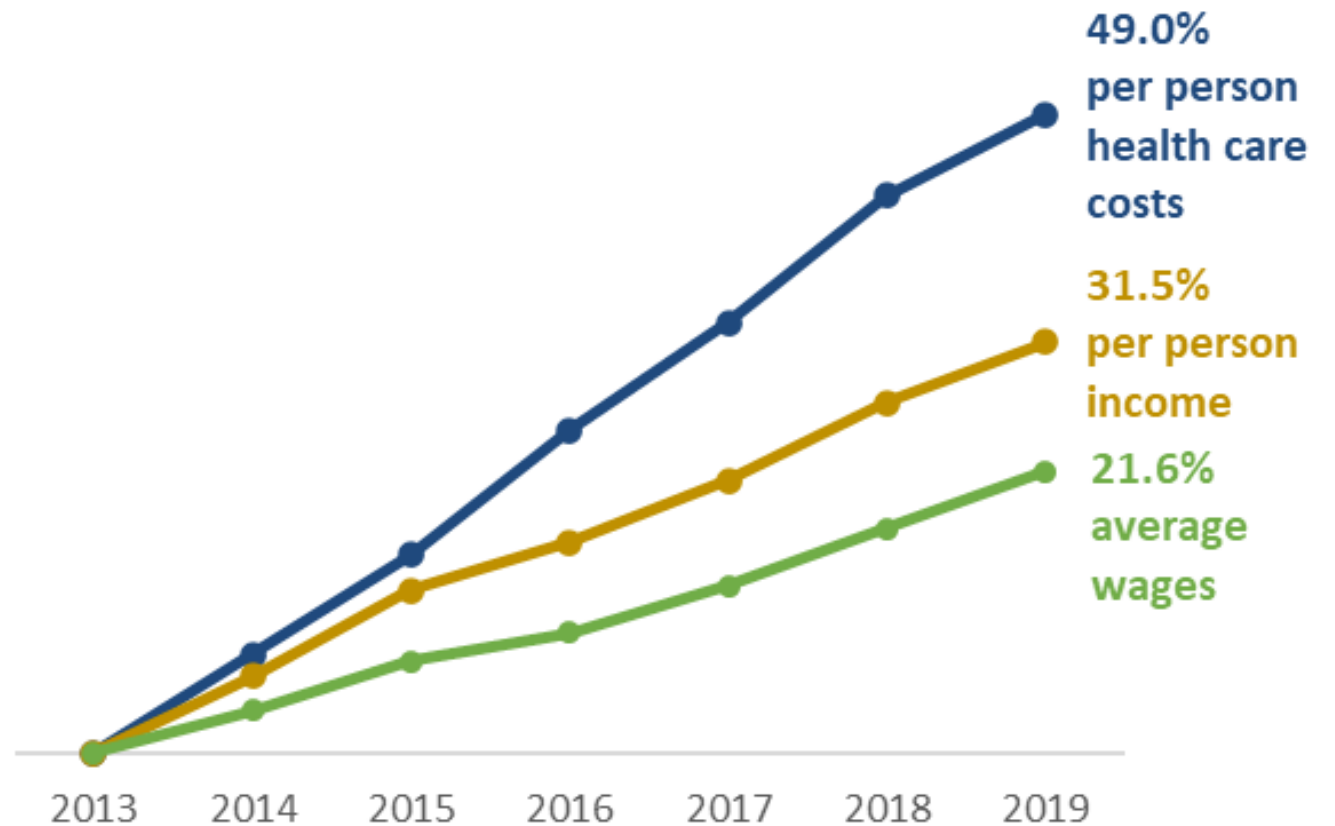
Using up
savings to pay
medical bills



Bankruptcy

From 2013-2019, **health care costs** in Oregon grew faster than **income** and **wages**.

2013-2019 cumulative cost growth in per person health care costs, per person income, and average wages.



A statewide cost growth target provides...



A common
goal



Predictability
&
sustainability



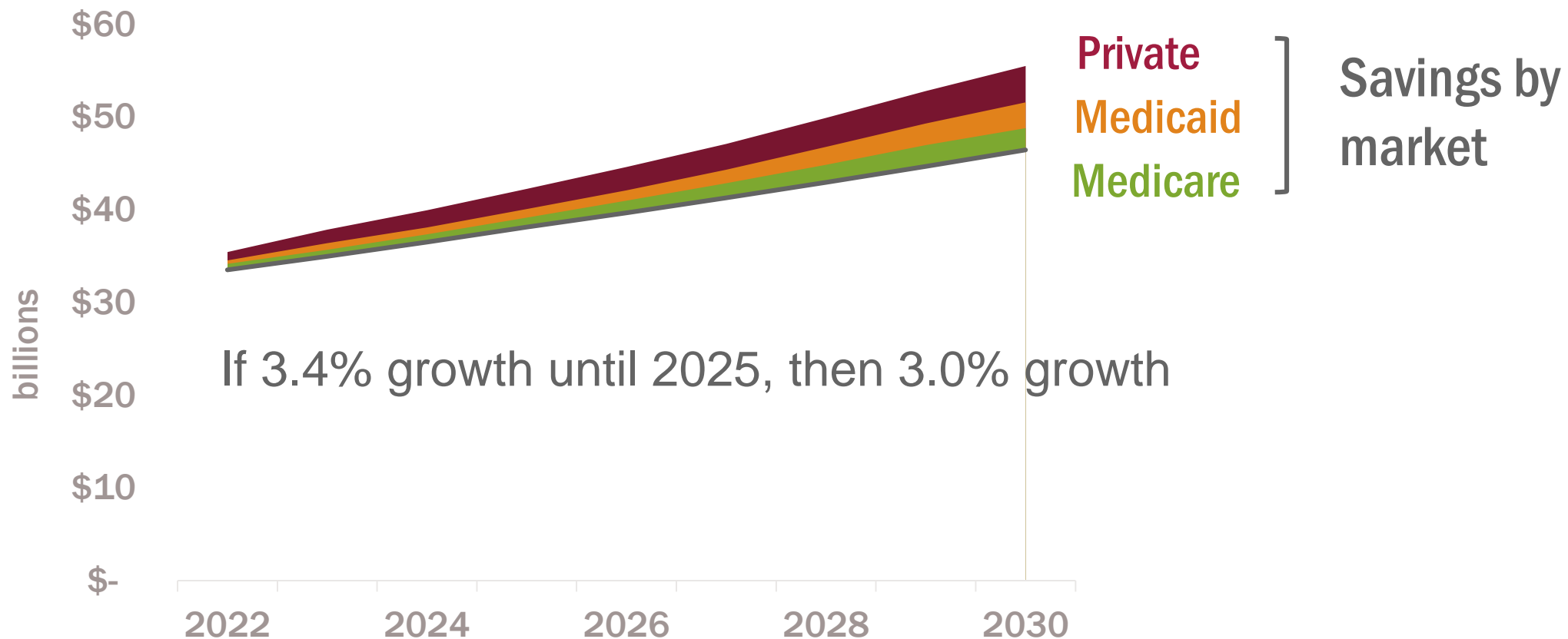
An inclusive
approach
(total cost of care)



Transparency

Oregon could save \$31 billion by 2030

When compared to CMS' projected per person cost growth



Sources: Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group.

-  **2017:** SB 419 Legislative Task Force considered a hospital rate-setting model; recommended cost growth target approach.
-  **2019:** SB 889 established Cost Growth Target program and Implementation Committee
-  **2020-21:** Implementation Committee developed recommendations to guide the program
-  **2021:** HB 2801 established accountability mechanisms

Annual Cycle



2013-2019 Cost Growth Trends

OHA published a new report in July

Health Care Cost Trends

State and Market-Level Cost Growth in Oregon, 2013-2019

July 2022



<https://www.oregon.gov/oha/HPA/HP/Cost%20Growth%20Target%20documents/Oregon-Health-Care-Cost-Trends-Report-2013-2019-FINAL.pdf>

The cost of health care in Oregon increased almost 50% in 6 years

Health Care in Oregon Becoming Increasingly Expensive, Report Says

To understand what is driving health care costs in Oregon, the report looks at trends by:

Markets

Commercial

Medicaid

Medicare

Service Category

Inpatient

Outpatient

Professional
Services

Emergency
Department

Pharmacy

Other

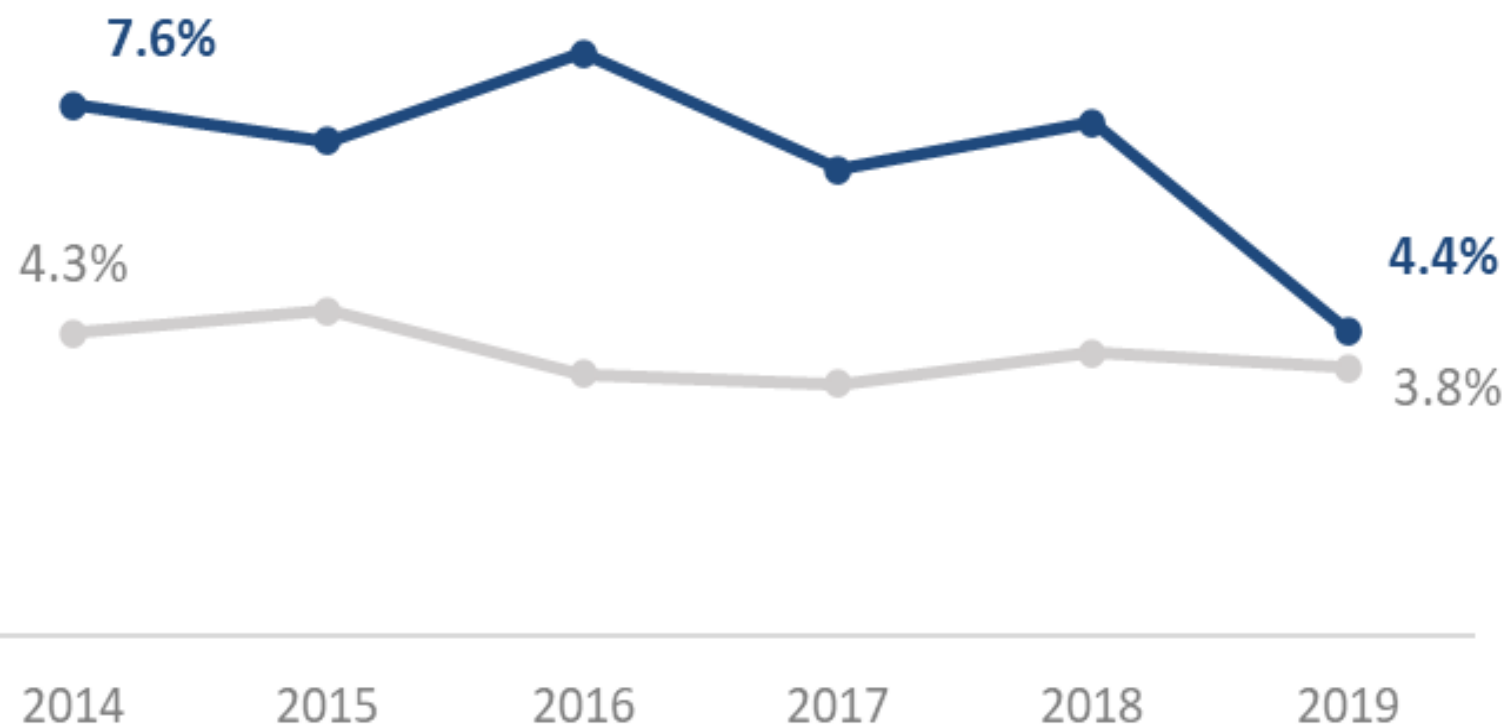
I. Cost Growth Trends



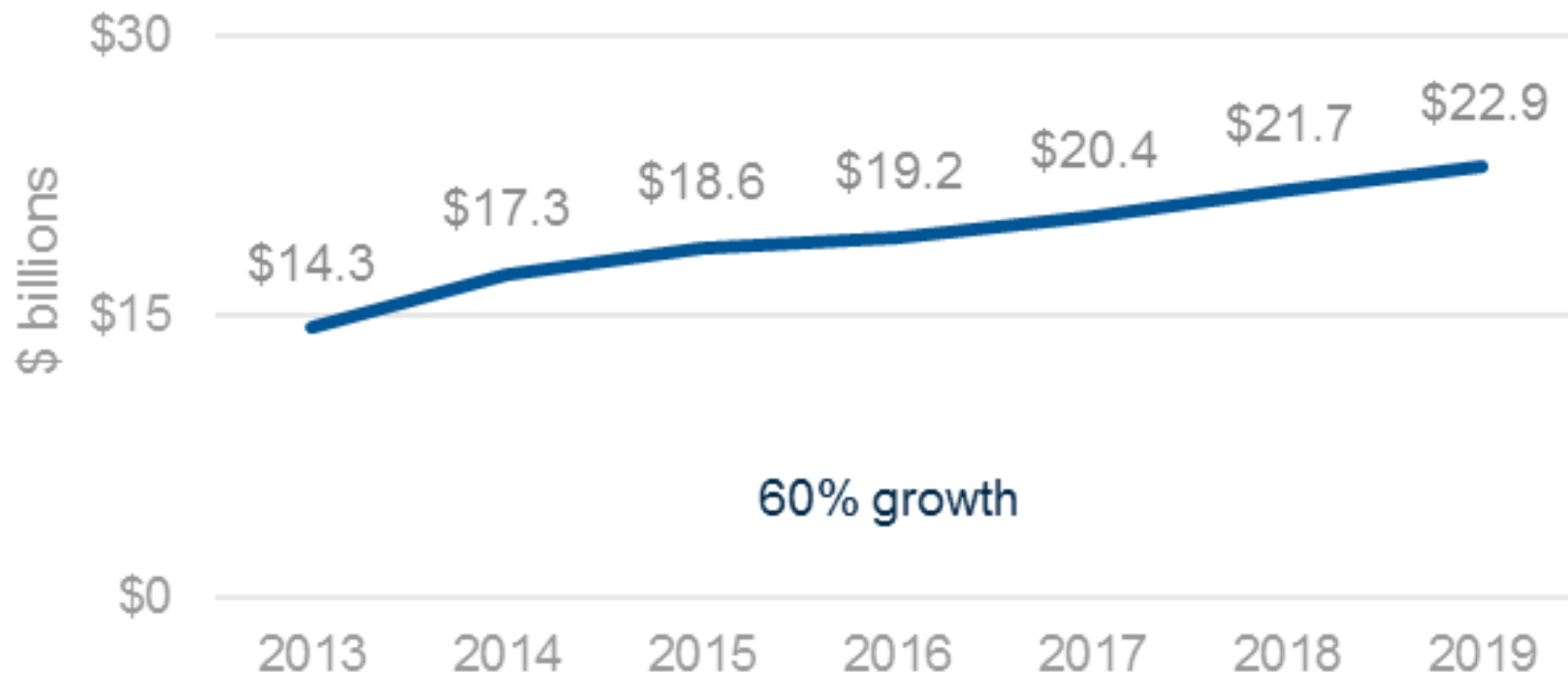
If we were Tweeting our key findings:

- Between 2013 and 2019, health care costs in Oregon grew at an average of **6.9% annually**, faster than the national average (4.0%)
- Between 2013 and 2019, **increases in health care costs in Oregon grew faster than inflation and medical inflation, and far outpaced increases in income and average wages.**
- Between 2013 and 2019, Medicare per person health care costs in Oregon grew 58%, commercial costs grew 45% and Medicaid costs grew the least at 32%

% Per person annual health care cost growth **in Oregon** is higher than the national average



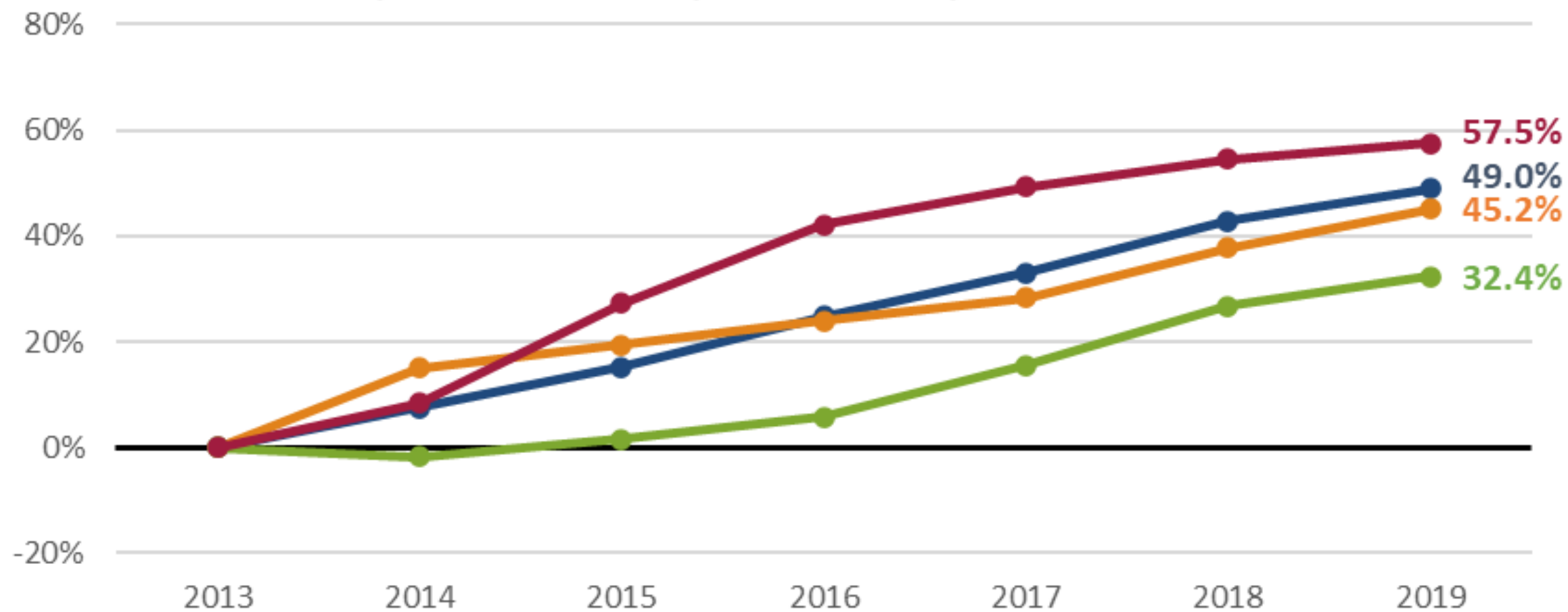
Total health care spending in Oregon increased **more than \$1 billion** every year from 2013 to 2019



<https://www.oregon.gov/oha/HPA/HP/Cost%20Growth%20Target%20Meeting%20Documents/11.-Cost-Trends-2013-2019-Total-Spending.pdf>

Cumulative growth in per person health care costs, by market

Statewide | **Commercial** | **Medicaid** | **Medicare**



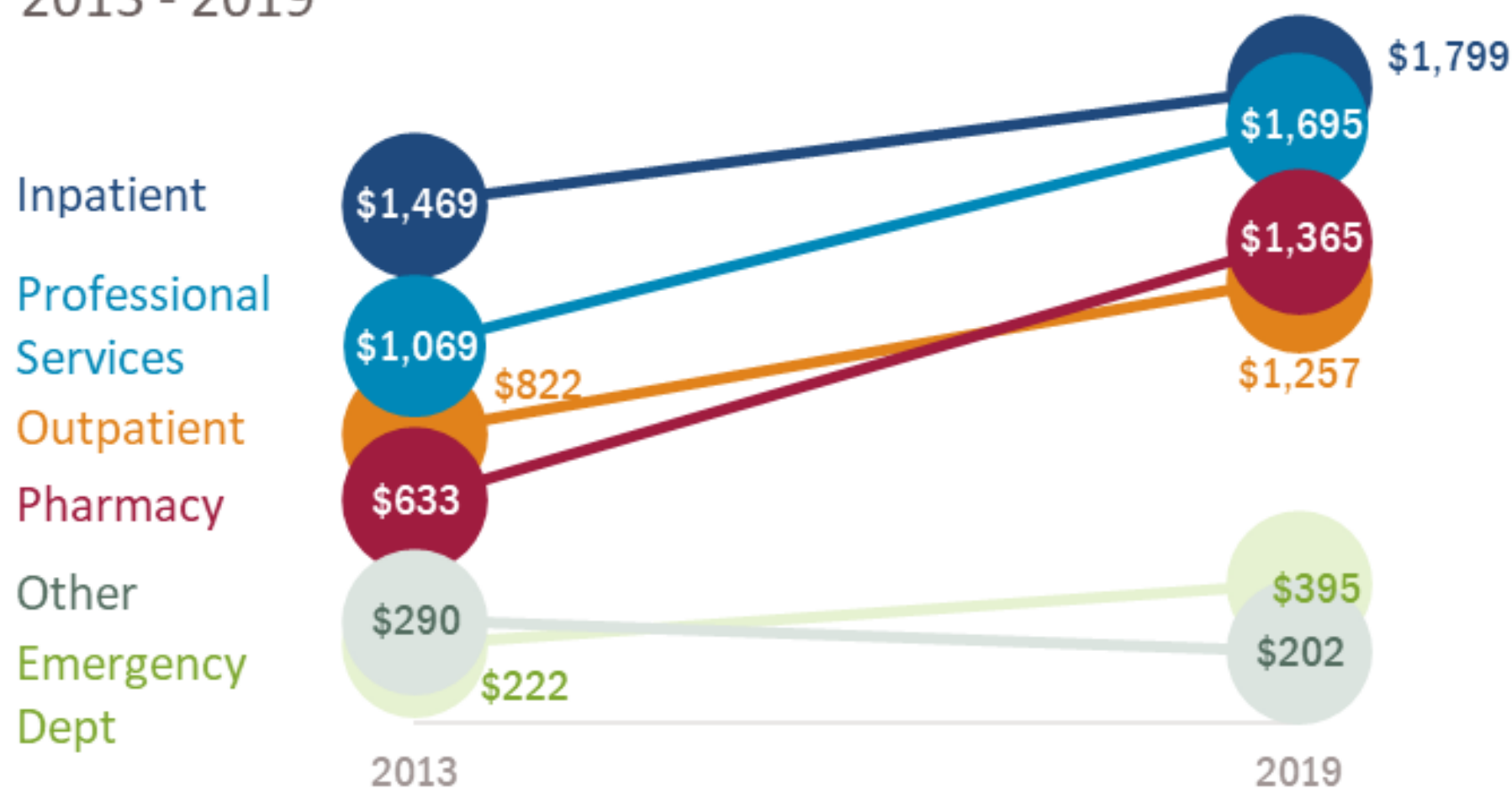
II. Oregon Cost Growth Trends by Service Category



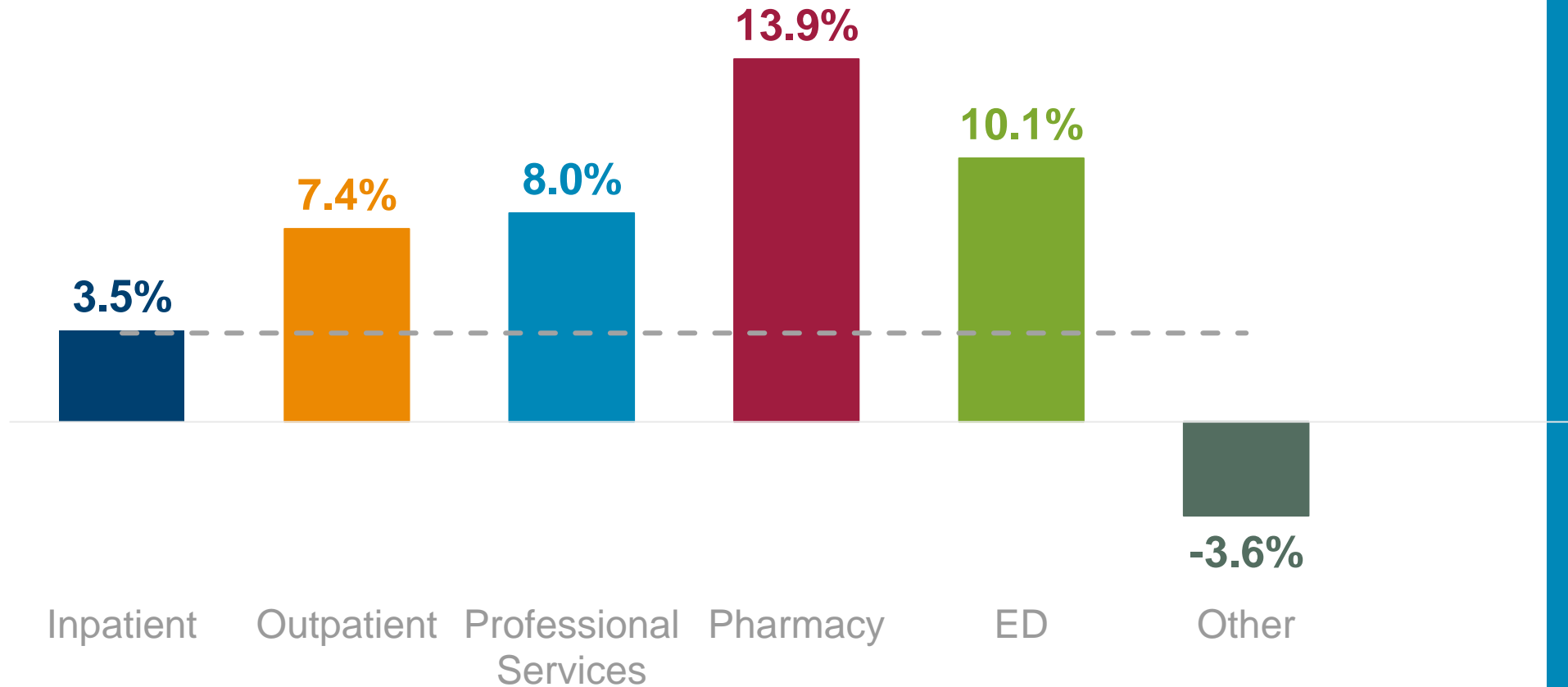
If we were Tweeting our key findings:

- **Total per person health care costs in Oregon were \$6,713 in 2019.** Most of these dollars were inpatient hospital services (\$1,799) and professional services, like doctor's visits (\$1,695).
- Between 2013 and 2019, per person pharmacy costs grew cumulatively by 116 percent, more than any other service category in Oregon. Per person pharmacy costs were \$1,365 in 2019.
- **The four largest service categories – inpatient, professional, outpatient, and pharmacy - all grew faster than 3.4% each year between 2013 and 2019.** Per person pharmacy costs grew the most (almost 14% each year).

Per person health care costs by service category, 2013 - 2019

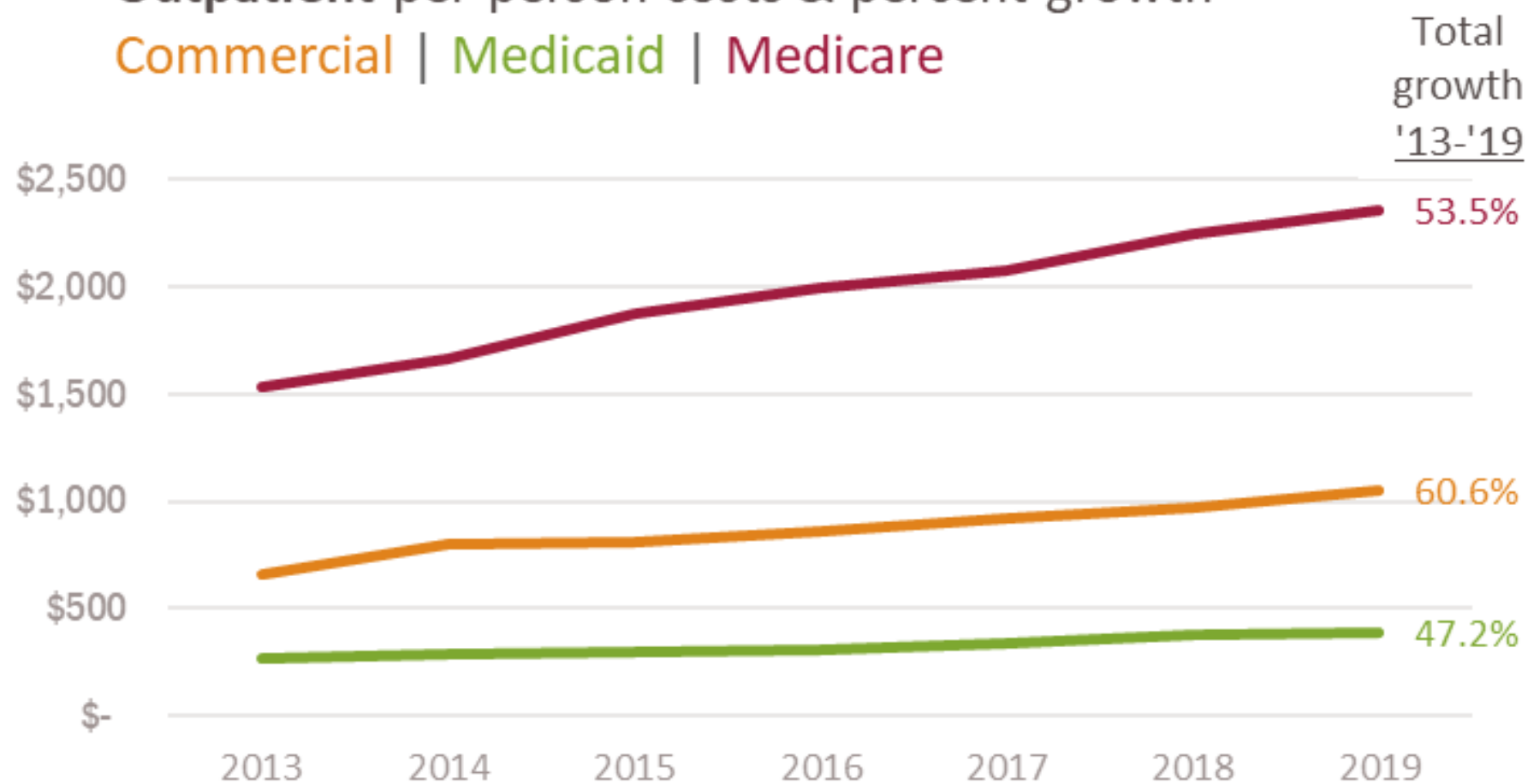


Average annual growth by service category, 2013-2019



Outpatient per person costs & percent growth

Commercial | Medicaid | Medicare



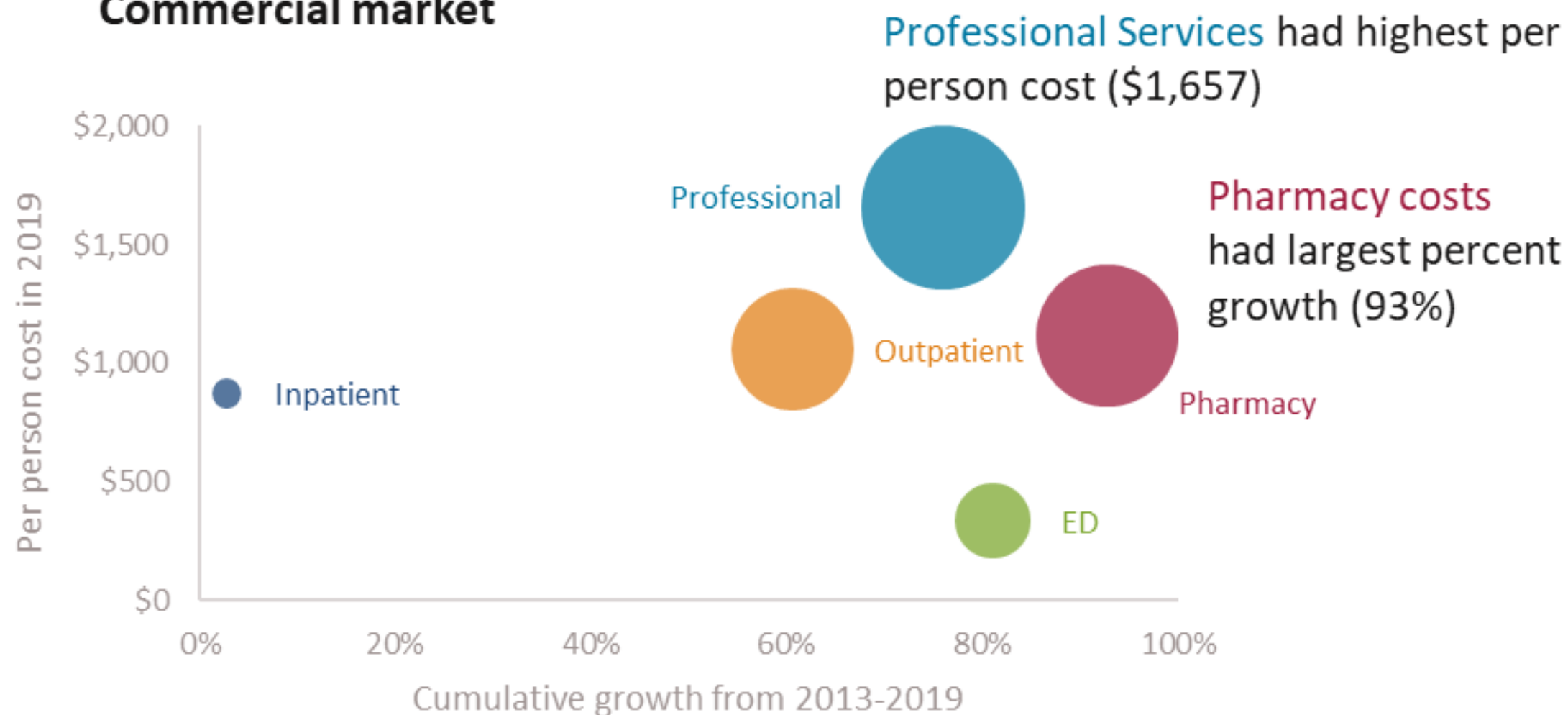
III. Oregon Cost Growth Drivers



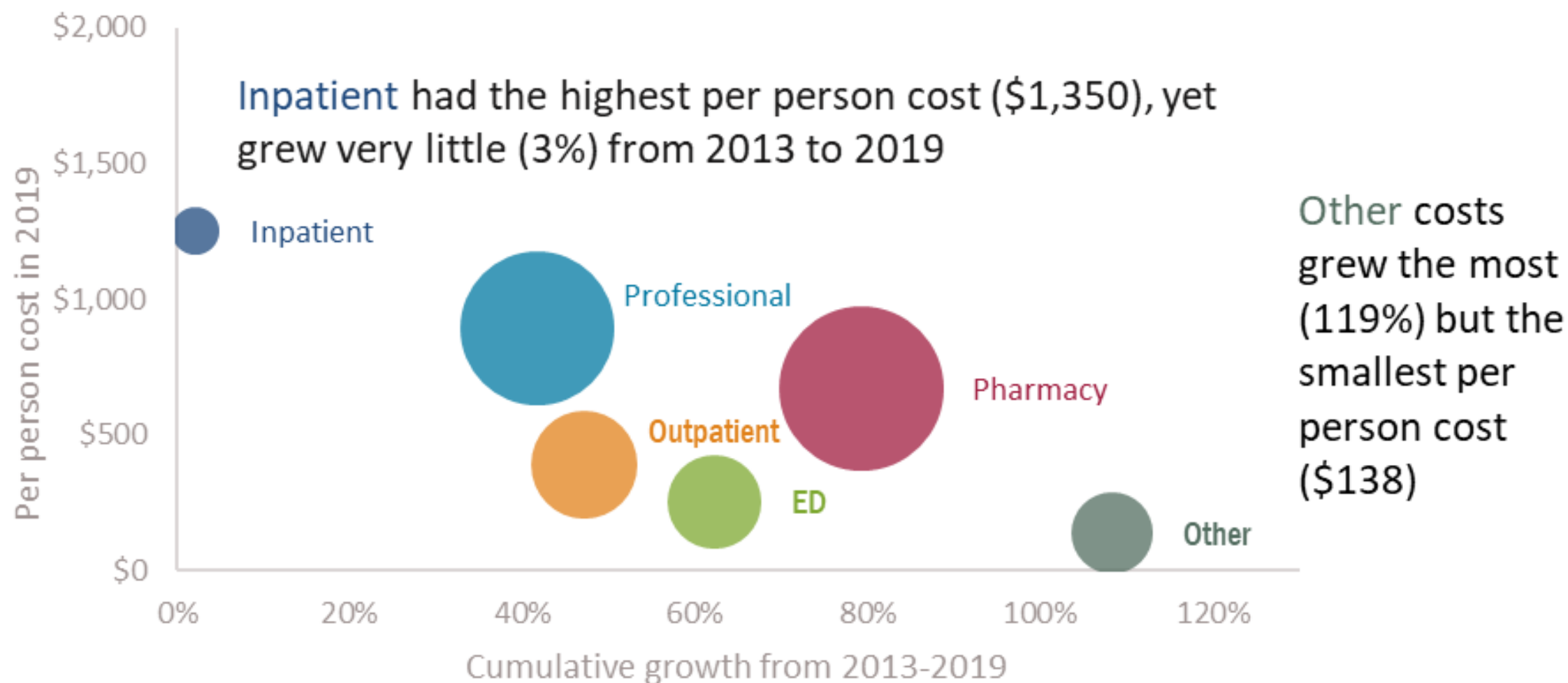
If we were Tweeting our key findings:

- What drove health care cost growth in each market in Oregon?
Commercial cost growth was driven by professional services, which increased from \$942 per person in 2013 to \$1,658 in 2019.
- What drove health care cost growth in each market in Oregon?
Cost growth in Medicare was driven by pharmacy, which increased from \$794 per person to \$2,261 per person in 6 years.
- What drove health care cost growth in each market in Oregon?
Cost growth in Medicaid was driven by pharmacy which increased from \$374 per person in 2013 to \$671 per person in 2019.

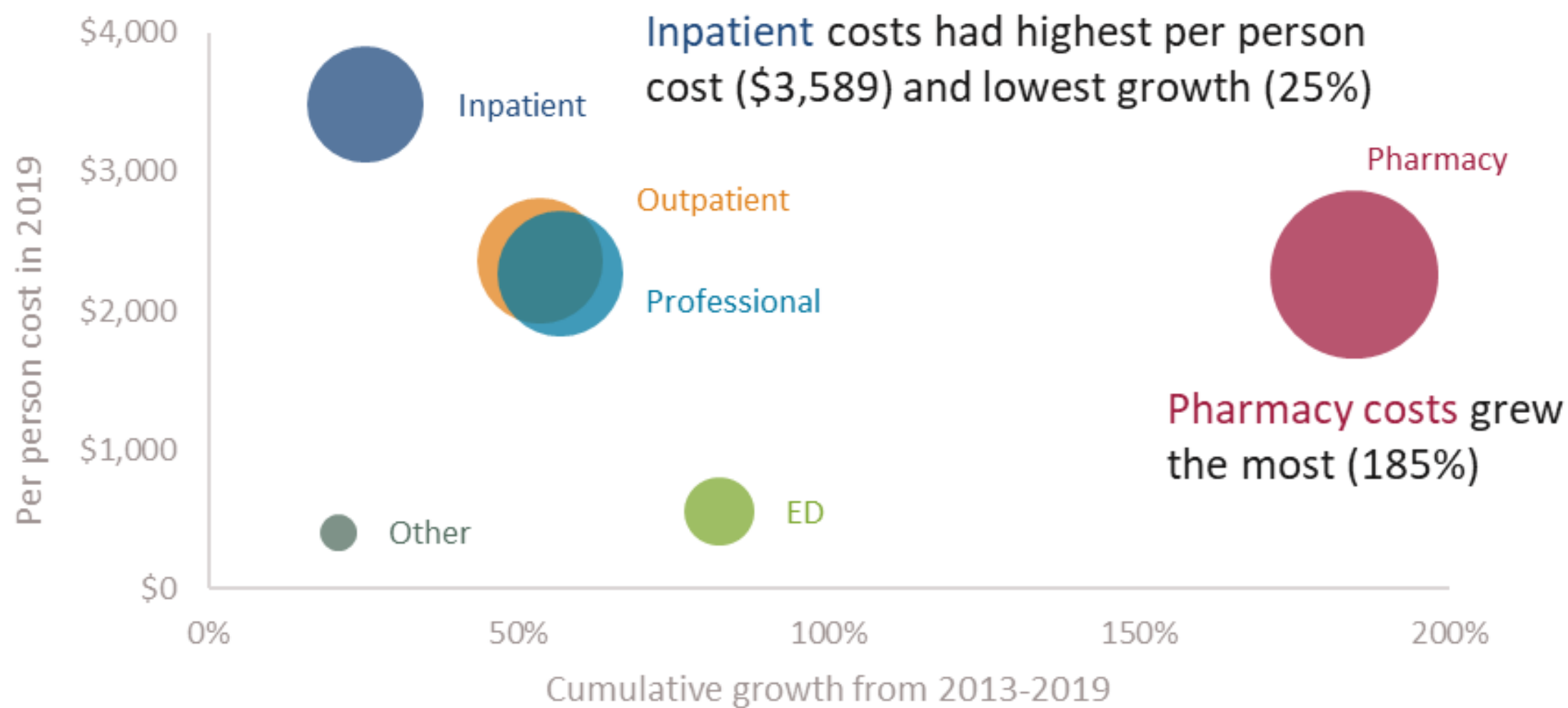
Commercial market



Medicaid market



Medicare market



Next Steps

2018-2020 Cost Trends Report

Publishing Fall 2022 – cost growth trends by market and by service category, includes pharmacy rebates and supplemental cost data (e.g. VA spending).

2020-2021 Annual Cost Growth Target Report

Publishing Q2 2023 – first time payer and provider organization cost growth will be publicly reported.

Supplemental Analyses

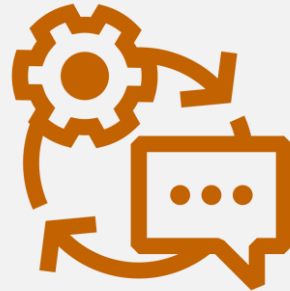
Ongoing: including price vs utilization, patient cost sharing, impact of covid-19, pharmacy, and more...

**More
Data**

Accountability for excess cost growth



Transparency



Performance Improvement Plans



Financial Penalties



Ongoing conversations with payers and provider organizations to understand cost growth drivers and reasons for exceeding the cost growth target in a given year

Cost Growth Target Implementation

We are here

CGT Year	0	1	2	3	4	5
Cost growth between	2018 – 20	2020 – 21	2021 – 22	2022 – 23	2023 –24	2024 – 25
Data submitted in	2021	2022	2023	2024	2025	2026
Data reported in	2022	2023	2024	2025	2026	2027
Are payers/providers publicly identified?	No	Yes	Yes	Yes	Yes	Yes
Do PIPs apply?	No	No	Yes	Yes	Yes	Yes
Does \$ penalty apply?	No	No	No	No	No	Yes



Email:

HealthCare.CostTarget@oha.oregon.gov



Online:

<https://www.oregon.gov/oha/HPA/HP/Pages/Sustainable-Health-Care-Cost-Growth-Target.aspx>

**More
Info**