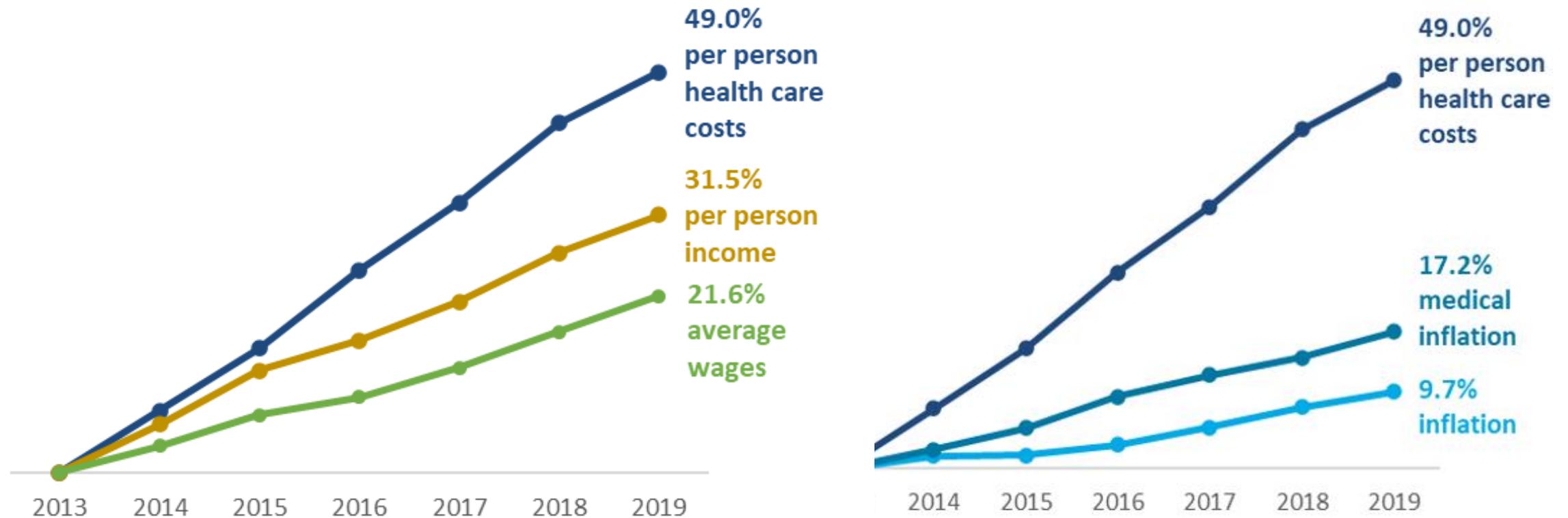

Oregon's Sustainable Health Care Cost Growth Target Program

February 20, 2023 | Dave Baden



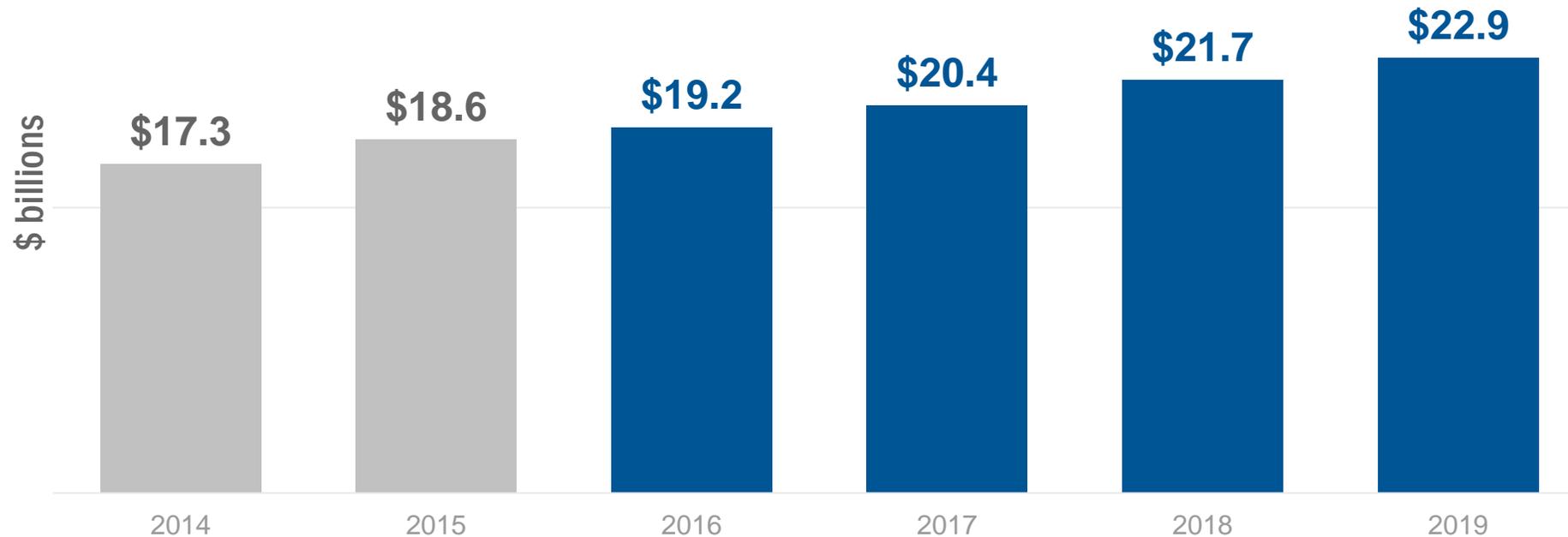
Why does Oregon have a cost growth target?

Health care costs in Oregon have been growing faster than other economic indicators



Source: Oregon Health Authority. 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>

Total health care spending in Oregon increased more than \$1 billion each year between 2016 and 2019



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

This leaves less money for the state, businesses, and families to spend on other priorities.

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

Containing growing health care costs is an Oregon priority

- 📍 **2017:** SB 419 Legislative Task Force considered a hospital rate-setting model; recommended cost growth target program.
- 📍 **2019:** SB 889 established Cost Growth Target program and Implementation Committee



A statewide cost growth target sets a budget for health care.



A cost growth target says: total health care spending should not grow more than $x\%$ year-over-year.

Annual Cycle



How are payers and provider organizations held accountable for their cost growth?

Oregon's Cost Growth Target applies at four levels

Statewide

Statewide

Market Level

Medicare

Medicaid

Commercial

Insurer Level

At least 1,000 covered lives in Oregon

Fee-for-service

Medicare Advantage

Fee-for-service

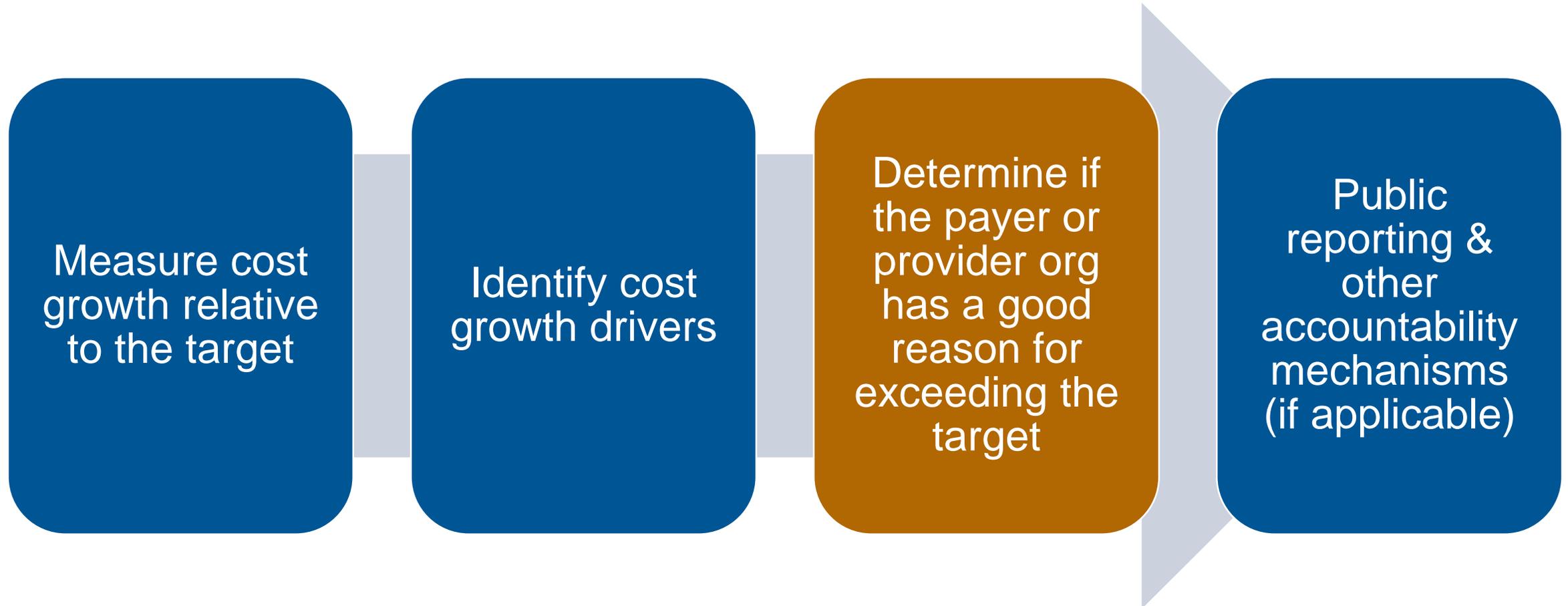
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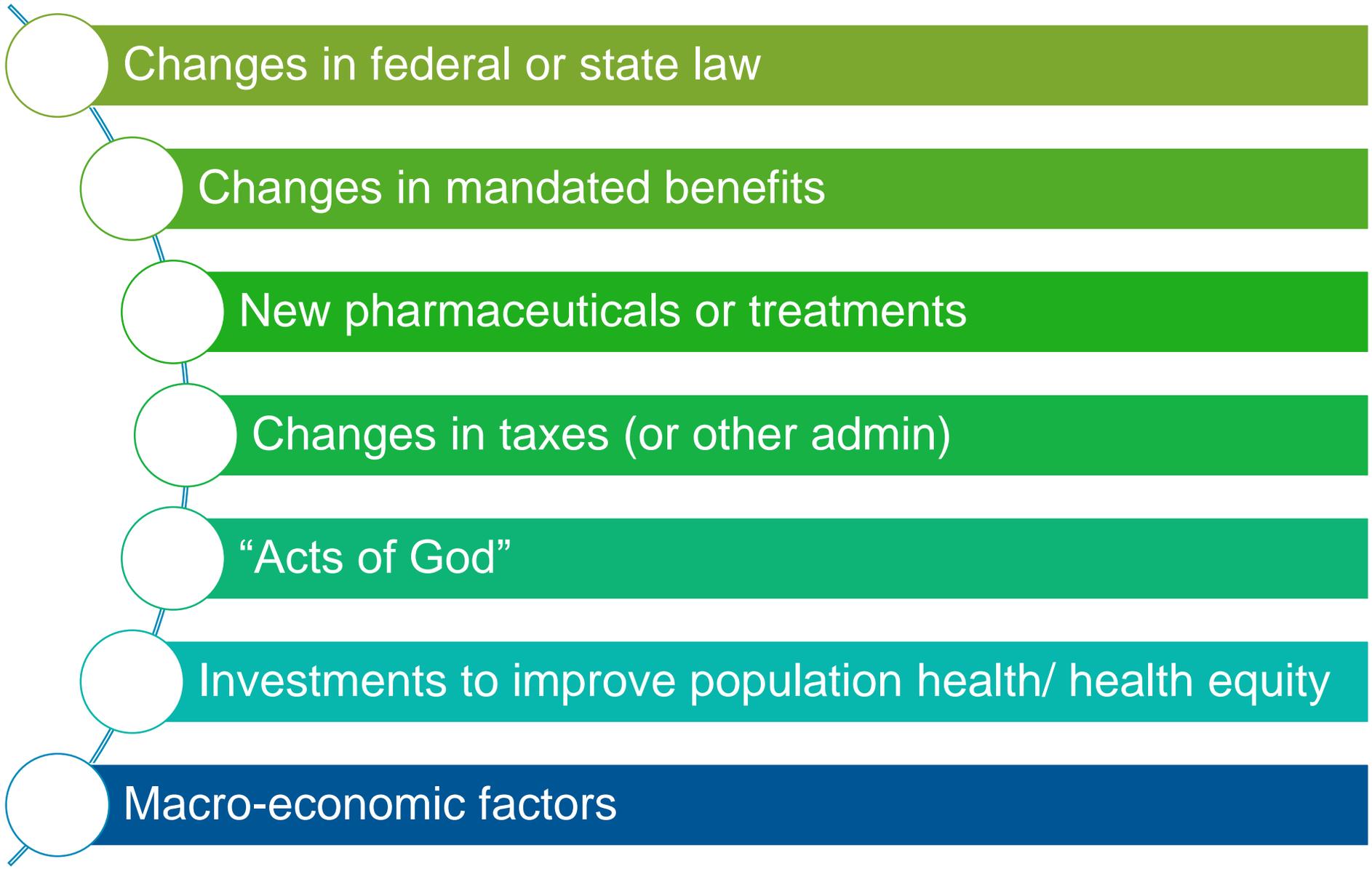
Insurers

Provider Level

Large provider organizations with at least 10,000 attributed patients

OHA will measure cost growth relative to the target each year and identify cost growth drivers





The cost growth target program has built-in flexibility to identify factors that drive costs that are outside of a payer or provider organization’s control

In January, the CGT Advisory Committee delayed the implementation of Performance Improvement Plans (PIPs) by one year

CGT Year	0	We are here	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
Report published in	2022	2023	2024	2025	2026	2027
Are payers/providers publicly identified?	No	Yes	Yes	Yes	Yes	Yes
Do PIPs apply?	No	No	No	Yes	Yes	Yes
Does \$ penalty apply?	No	No	No	No	No	Yes

For More Information



Email:

HealthCare.CostTarget@oha.oregon.gov



Website:

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