



February 21, 2023

TO: House Health Care Committee
FR: Maribeth Guarino, Health Care Advocate, Oregon State Public Interest Research Group (OSPIRG)
RE: In Opposition to Amending the Health Care Cost Growth Target

My name is Maribeth Guarino and I am the health care advocate at OSPIRG. OSPIRG is a statewide, citizen-based, public interest organization representing thousands of Oregonians. I am also a member of the Cost Growth Target Advisory Committee, and though I'm not here on behalf of the committee, I will share some of what has been under discussion in its meetings. I am testifying against HB 2091 and HB 2742 today.

These bills propose rolling back the scope of the target and delaying penalties for not meeting the target. However, restricting the scope by excluding certain costs just won't work. Health care costs are, unfortunately, all interrelated. The cost of pharmaceuticals affect the cost of premiums as insurance companies determine cost-sharing; more spending on health equity investments and social determinants of health might change utilization and costs. If we want to understand and bring health care costs under control, we have to look at the whole picture.

In addition, I believe that the other changes proposed in these bills are already covered by the program and the ongoing discussions of the advisory committee. The cost growth target only applies to payers and provider organizations with a large number of patients or enrollees; it is not intended to capture individual spending in the health care industry or to hold individual physicians accountable for spending throughout the health care system. The target is intended as a benchmark for payers and provider organizations to aim for: a 3.4% target limit to increased health care spending. The data collection shows which entities are or aren't meeting that target, and digs into why - are there a lot of investments being made in preventative care or social determinants of health, are there factors that are out of entities' control (like a pandemic) that influence their spending, or is there a lot of administrative waste that could be cut down?

A big topic of conversation in the advisory committee meetings is how to evaluate that data - what is the difference between "good," "bad," and "necessary" health care spending? No one wants to punish a payer or provider for investing in their community's health or for taking care of a patient. In fact, accountability measures to enforce the target only come into effect if an entity "exceed[s] the cost growth target with statistical certainty and without a reasonable basis across multiple years."¹ To that end, the committee has been discussing what constitutes a reasonable basis, and so far that category includes areas that seem to be of concern in these bills: new medicine and treatments, changes to mandated coverage, acts of God (like a pandemic), investments to improve health or address equity, and macro-economic factors like high inflation or labor shortages. These categories include necessary and good health care spending which shouldn't be discouraged or punishable - and wouldn't be under the program's developing evaluation standards of a "reasonable basis" for exceeding the target.

¹ Sustainable Health Care Cost Growth Target Implementation Committee Recommendations: Final Report to the Oregon Legislature, January 2021.
<https://www.oregon.gov/oha/HPA/HP/HCCGBDocs/Cost%20Growth%20Target%20Committee%20Recommendations%20Report%20FINAL%2001.25.21.pdf>

In addition, there are only two accountability measures for exceeding the target WITHOUT a reasonable basis: a performance improvement plan (PIP), and potential financial penalties. PIPs are agreements between the entity and OHA on efforts that can be made to help the entity meet the cost growth target, with the sole expectation that the entity exert good faith efforts to follow through. Financial penalties only come into effect if an entity exceeds the target WITHOUT a reasonable basis for 3 out of 5 consecutive years. Since data is collected for the preceding year, that means the earliest a financial penalty could apply would be in 2026.

Though a lot has changed in the last few years, we are still early in the implementation of the cost growth target. The accountability measures were only passed in 2021. No entity has been subject to a PIP, and this is the first year that data on entities that exceeded the target would be publicly available. The advisory committee has discussed potential changes to the program at length, including the potential to delay penalties. However, there is a huge risk of making significant changes to a program that really hasn't even started, and that concern has also been reflected in the advisory committee's discussions. I encourage this committee to take a look at the meeting materials and the conversation that the advisory committee had at the end of last year and in January of this year about amending the program before it even kicks off, and I'll repeat a question that was asked in those meetings - would you be considering lowering the cost growth target if the situation was altered and every entity was meeting it with ease? Controlling health care costs is hard - no one ever said it would be easy. I look forward to working with you all on ways that we can lower the cost of health care here in Oregon, but I ask that you all stick with the cost growth target program as it is fully implemented, and respectfully oppose these bills.

Thank you.