



March 22, 2023

TO: House Health Care Committee
FR: Maribeth Guarino, Health Care Advocate, Oregon State Public Interest Research Group (OSPIRG)
RE: In Support of HB 2878 and a Global Budget Pilot Program

OSPIRG is a statewide public interest organization representing thousands of Oregonians, and we support HB 2878 and a global budget pilot program.

The United States spends more on health care than most other developed nations, and has some of the worst health outcomes.¹ In part, this is because our health care system rewards volume and quantity with a fee-for-service payment model, as opposed to valuing the quality of care and outcomes. This means that providers are paid for every lab test, every x-ray, every MRI, every patient visit. Payments that value quantity incentivize our health care system to have patients return for more tests, rather than getting to the heart of an ailment and treating it. In Oregon, we have taken some steps to reform the health care payment system, including creating a cost growth target program, using uniform quality performance metrics in our Medicaid program, and promoting value-based payments that reward quality care over quantity of services.

However, there is more to be done. Health care costs are rising - in Oregon, they're rising faster than the national average, faster than inflation, and faster than our wages.² There is also evidence that hospitals and health systems are major drivers for these health care costs, especially in the commercial market. As consolidation decreases competition, big players in the health care system serve more patients and have more power to set prices and negotiate deals with insurers that don't always benefit patients; often consumers bear the burden of high prices through increased premiums and deductibles. Adopting capitated payments with a global budget as proposed in HB 2878 would begin changing Oregon's health care system by prioritizing patients over profits.

We need these foundational changes to lower health care costs throughout the state, and this bill provides an opportunity to test this payment reform and create a model for the rest of the health care system in Oregon. A global budget will lower health care costs and promote quality health care for Oregonians. I urge you to pass HB 2878 in order to move Oregon towards a better health care system.

¹ Munira Z. Gunja, Evan D. Gumas, Reginald D. Williams II, [U.S. Health Care from a Global Perspective, 2022: Accelerating Spending, Worsening Outcomes](#), Commonwealth Fund, January 2023.

² Oregon Health Authority, [Health Care Cost Trends: State and Market-Level Cost Growth in Oregon, 2013-2019](#), July 2022.