



OREGON
HEALTH
AUTHORITY

November 18, 2025

Oregon's Sustainable Health Care Cost Growth Target Program

House Interim Committee on Health Care

Why health care affordability matters



High cost of care means people don't get care when they need it.



High cost of care means that people are having to choose between health care and food, housing and other necessities



Nearly one-third of small businesses dropped health insurance coverage, with rising costs as a contributing factor.



Oregon's cost growth target says that total health care spending should not grow more than 3.4% each year.

Each year, the Cost Growth Target program...



Collects and
validates data

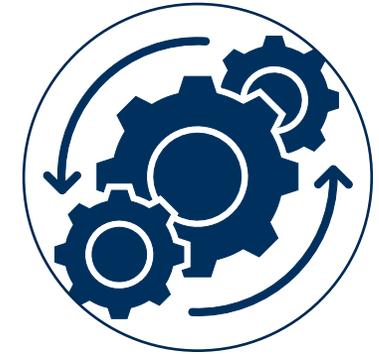
Determines payer
and provider cost
growth



Publicly reports on
cost growth trends
and performance
relative to the
target



Determines
whether cost
growth is for an
acceptable reason

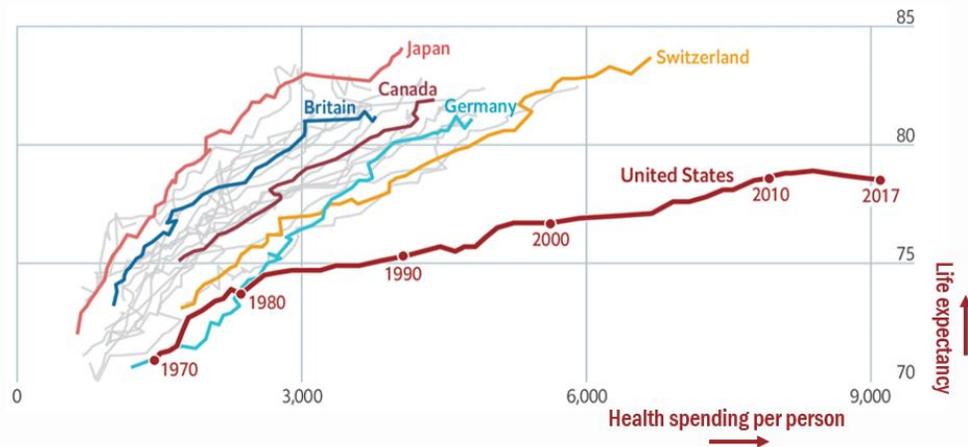


Holds payers and
providers with
unreasonably
high cost growth
accountable



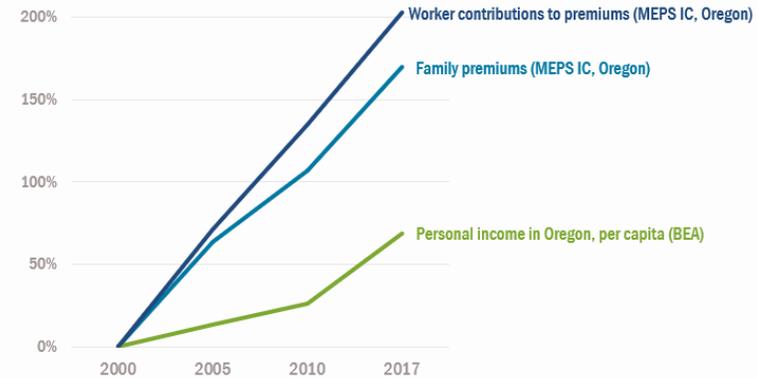
U.S. health care costs twice the average of others countries

But life expectancy is lower



Private sector cost growth is unsustainable

Since 2000, Oregon employer-sponsored insurance premiums have grown three times faster than **personal income**.

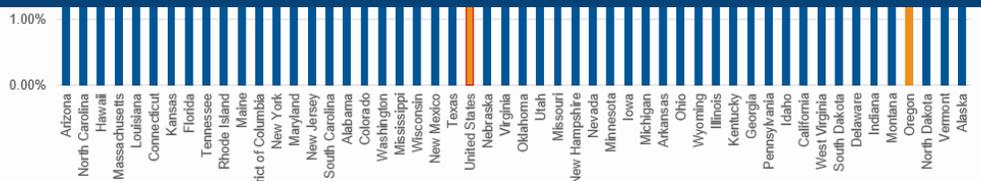


Oregon healthcare spending grew at the 4th highest rate from 2009-2014

Average Annual Healthcare Spending Growth Rate Per Capita (2009 - 2014)

5.00%

Oregon has been thinking about how to address health care costs for a long time...



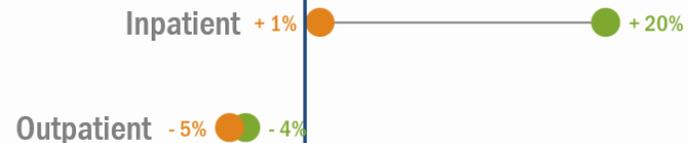
Sources: U.S. Census Bureau; and Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group.



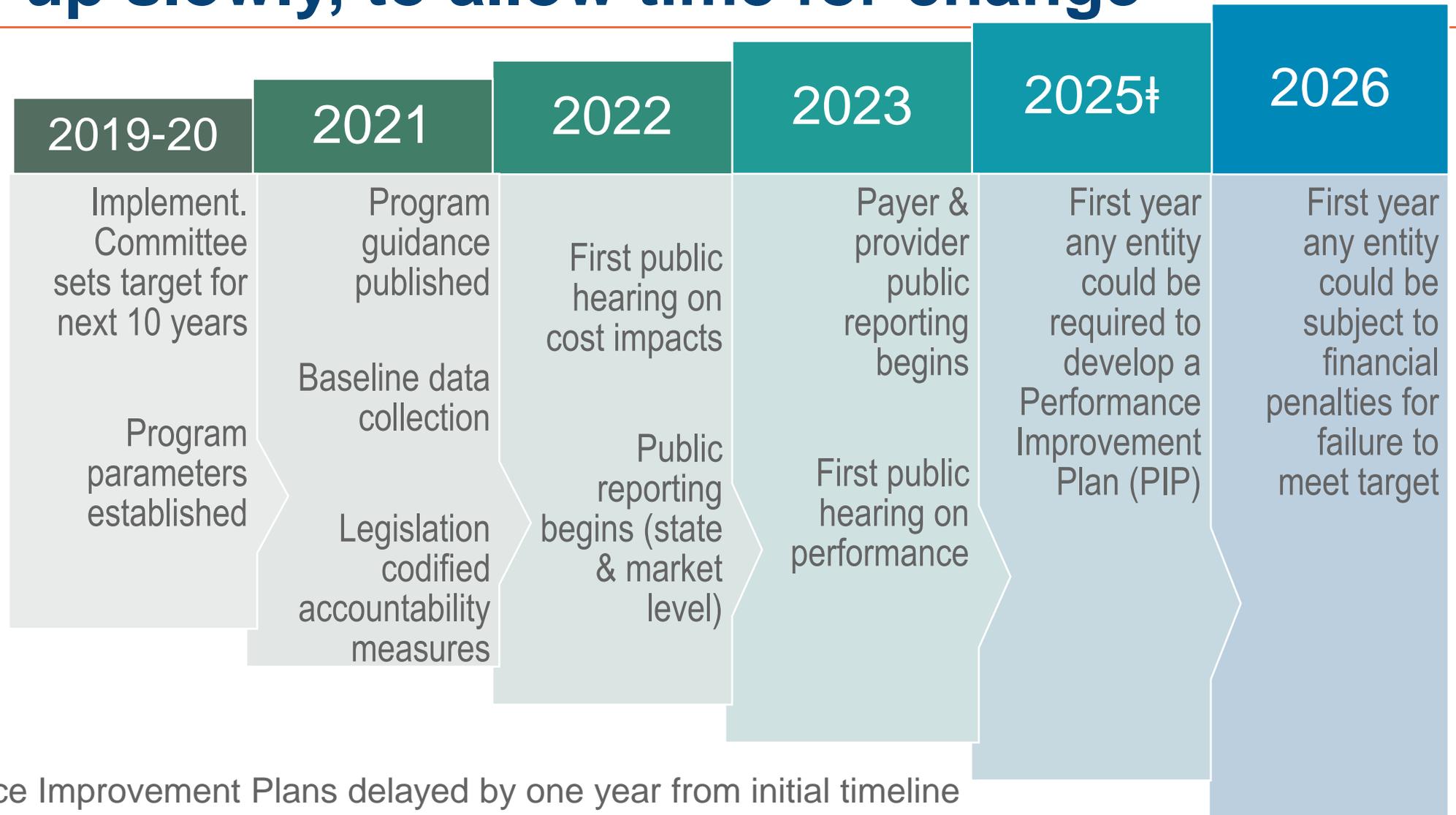
Overall prices in the Portland metro area are 18 percent above the national median.

These high prices are not offset by low utilization.

National median



The Cost Growth Target program was designed to ramp up slowly, to allow time for change



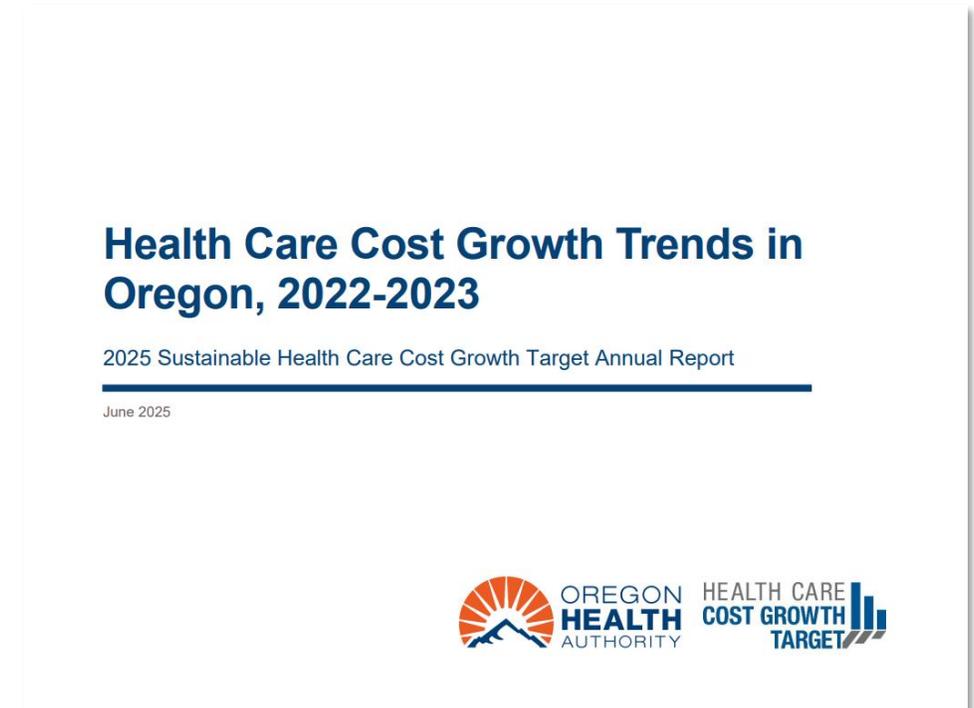
† Performance Improvement Plans delayed by one year from initial timeline

How are we doing

2025 Annual Cost Growth Trends Report

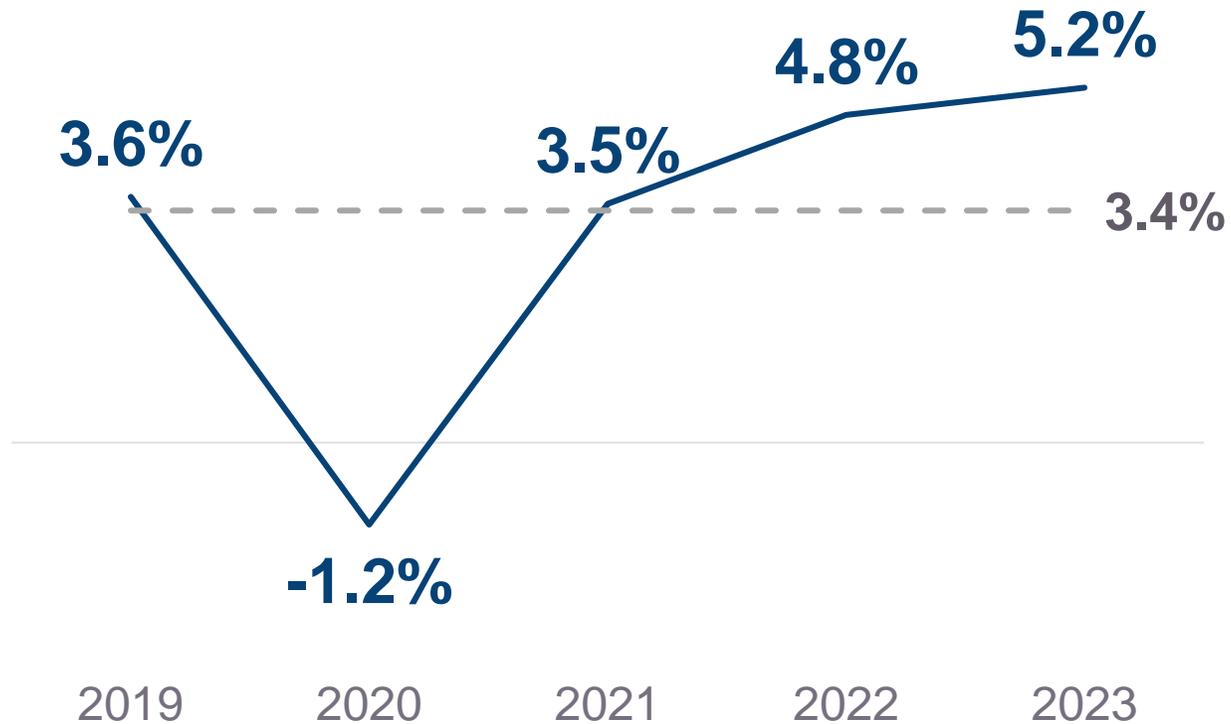
OHA publishes an annual report that provides a comprehensive look at health care spending in Oregon:

- Statewide
- By market (Commercial, Medicare, Medicaid)
- By health plan
- By provider organization



<https://www.oregon.gov/oha/hpa/hp/pages/cost-growth-target-reports.aspx>

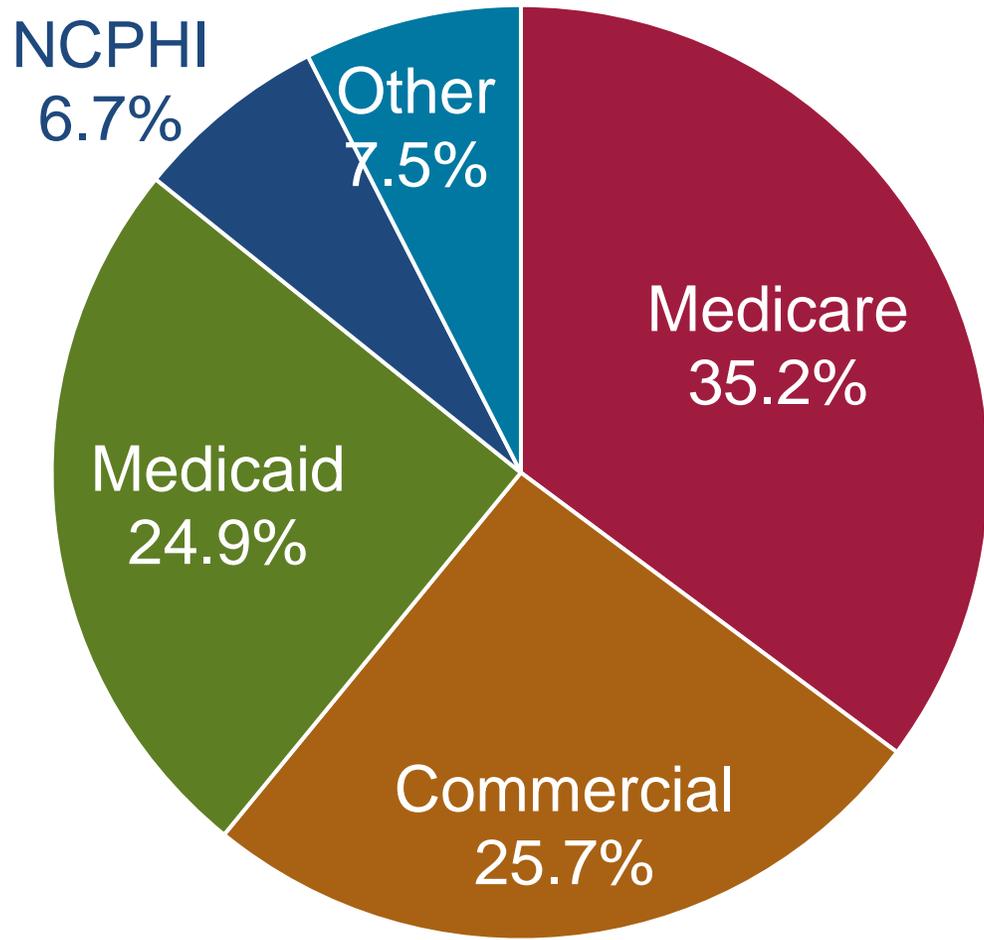
Growth in Total Health Care Expenditures, 2018-2023



Statewide Findings

- Health care spending in Oregon in 2023 totaled almost **\$39 billion**.
- Total health care expenditure spending grew **5.2%** to \$10,302 per person per year in 2023.
- Health care cost growth has **exceeded the 3.4% target** in four of the five past measurement periods.

Oregon spent almost \$39 billion on health care in 2023



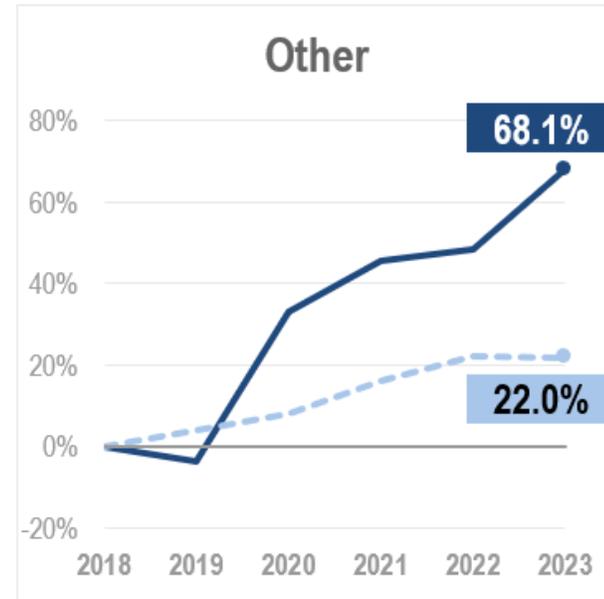
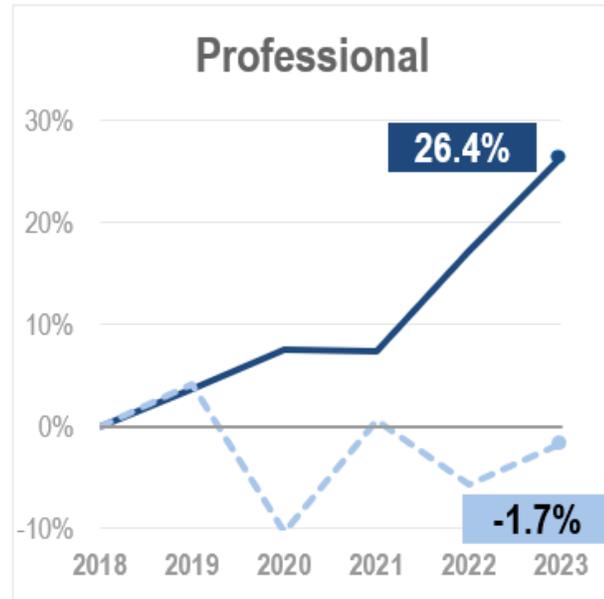
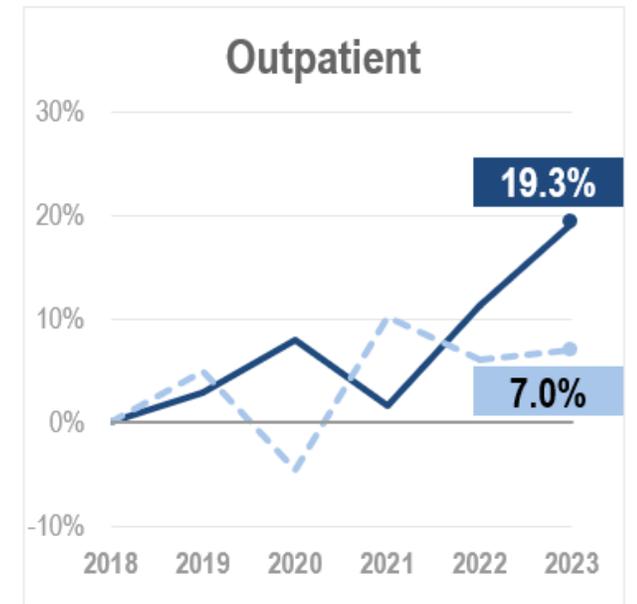
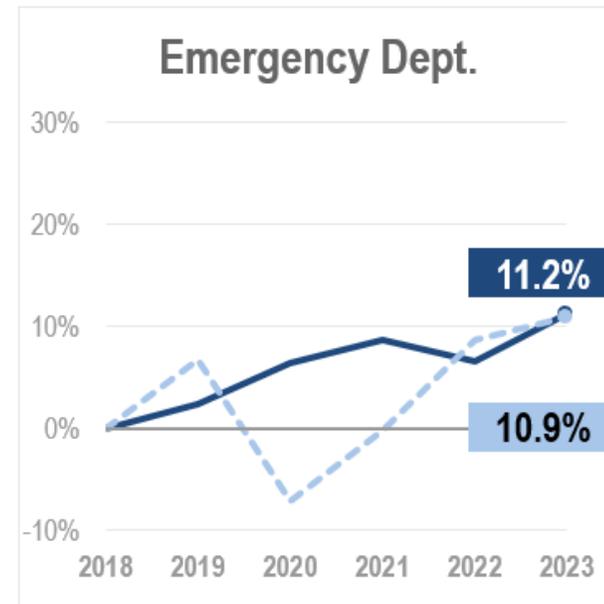
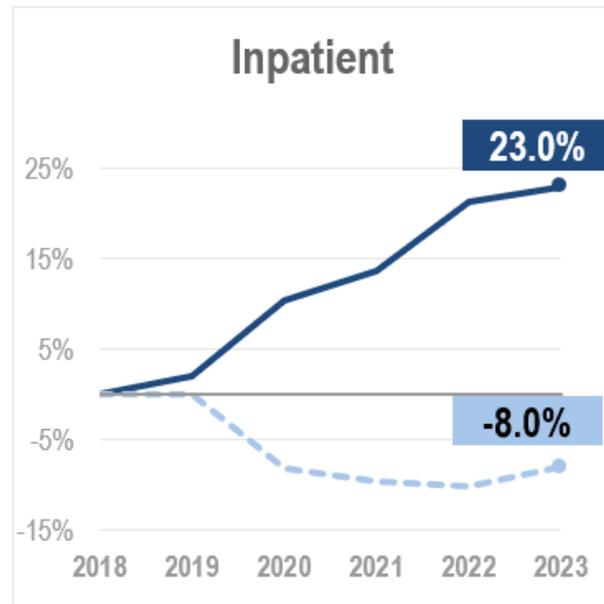
By Market *in billions*



Price was the major driver of cost growth, 2018-2023

APAC claims analysis.

Overall price in darker color (solid line), utilization in lighter color (dotted line).

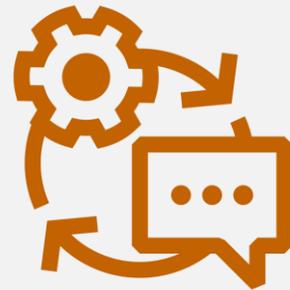


Cost growth target accountability

Oregon's cost growth target accountability measures include:



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

Oregon has a process and criteria for determining whether cost growth above the target is for an acceptable reason

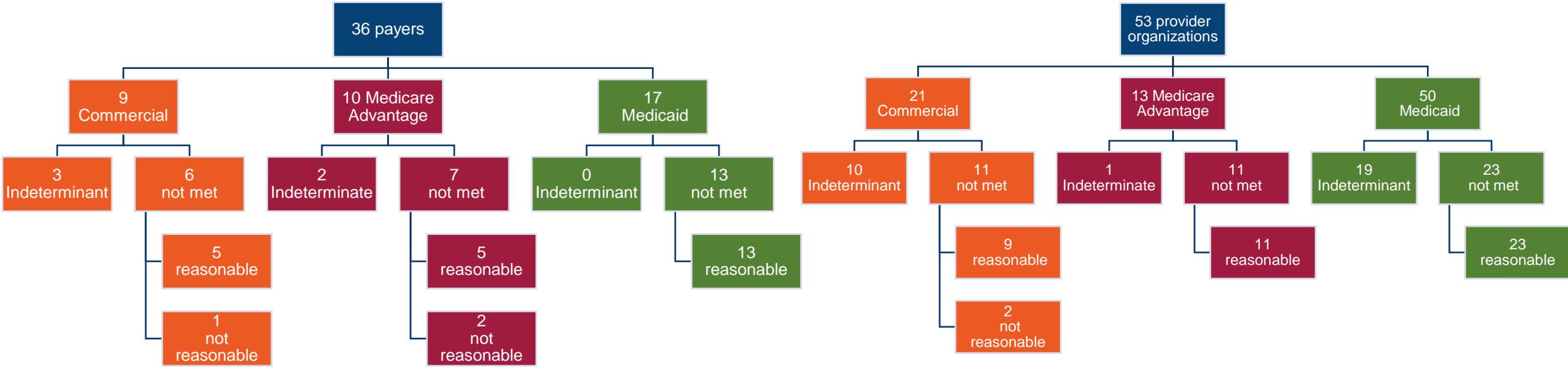
If payers and provider organizations are found to have an acceptable reason for their cost growth, no accountability measures apply.

- Changes in federal or state law
- Changes in mandated benefits
- New pharmaceuticals or treatments
- Changes in taxes (or other admin)
- “Acts of God”
- Investments to improve health/ health equity
- Macro-economic factors
- Frontline workforce costs (as per HB 2045)
- High-cost outliers

Accountability phases in over time

			First Year of Accountability	First Year of PIPs	Data validation in process	
CGT Year	0	1	2	3		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
Applies to a potential \$ penalty in 2028?	No	No	Yes	Yes	Yes	Yes

In 2022-2023, most payers and provider organizations have acceptable reasons for cost growth



Performance Improvement Plans

Requires entities to specify their strategies to contain cost growth:



Projected savings



Strategy measures



Key activities



Plan for Savings



Balancing measures (to ensure the strategy does not negatively affect access, quality, health equity, or health care workforce)



And more...

Entities that have exceeded the target without an acceptable reason

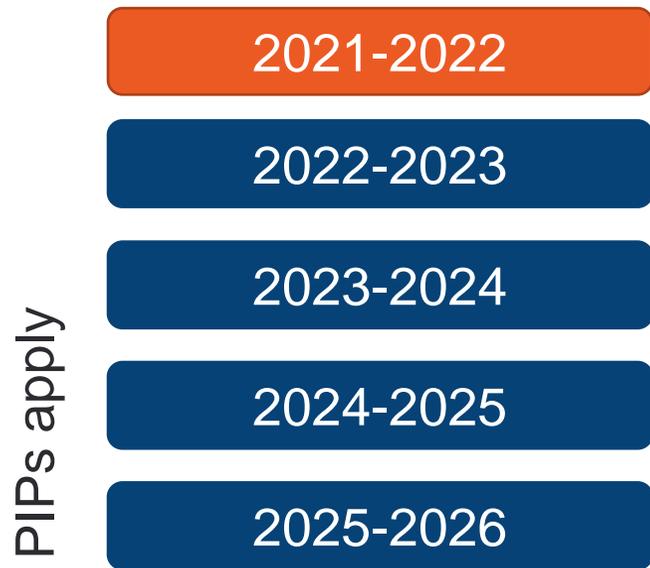
The first year that any payer or provider organization could be subject to financial penalties is 2026. Before any financial penalties are applied, an entity must have exceeded the cost growth target with statistical confidence and without an acceptable reason in 3 out of 5 years.

Payer	Market	2021-2022	2022-2023
Moda	Medicare Advantage	x	x
UHC Company	Medicare Advantage	x	x
PacificSource	Commercial	-	x

Provider Org	Market	2021-2022	2022-2023
Oregon Medical Group	Commercial	x	-
St. Charles Health System	Commercial	-	x
The Corvallis Clinic	Commercial	-	x

Financial Penalties Timeline

First 5 measurement periods for calculating a financial penalty



Time for data collection and validation and reasonableness processes. Financial penalty assessed in **2028**.

Example: United Health Care



Exceeded target without acceptable reason. Two “strikes”



Develop and implement PIP in 2026-2027



Measure performance in remaining 3 years of 5-year period.

UHC may or may not be subject to financial penalties.

Financial Penalties

Calculation

The financial penalty will be calculated for each payer and provider organization based on three factors:

- How much they exceeded the cost growth target over a 5 year period (net)
- How large they are (members / patients)
- If this is their first or subsequent time being penalized

Payment

The financial penalty must be paid to consumers or designed to directly benefit consumers.

Having a cost growth target will not slow the rate of health care cost growth by itself.

A cost growth target is a **catalyst** for implementing cost growth mitigation strategies.



For More Information

2025 Cost Growth Target Annual Report

<https://www.oregon.gov/oha/hpa/hp/pages/cost-growth-target-reports.aspx>

Accountability Report and Determination Letters

<https://www.oregon.gov/oha/HPA/HP/Pages/cgt-accountability.aspx>

Guidance on Reasonableness

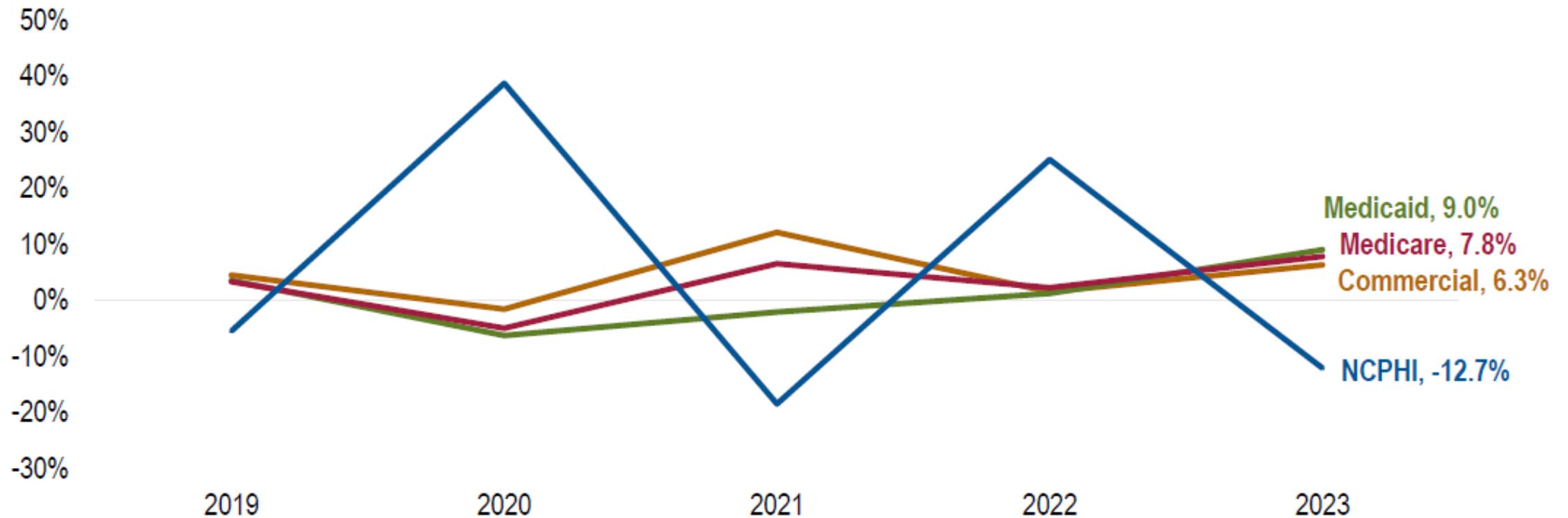
<https://www.oregon.gov/oha/HPA/HP/Cost%20Growth%20Target%20Meeting%20Documents/CGT-7-Subregulatory-Guidance-Reasonableness-PIPs-Penalties.pdf>

Contact us

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Cost growth exceeded the target in all markets

Annual Percent Change in Total Health Care Expenditures, by market, 2018-2023



Cost growth target reporting helps identify cost drivers and potential areas of concern.

