



DATE: February 25, 2025

TO: Senator Deb Patterson, Chair
Senate Committee on Health Care

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SUBJECT: SB 609 - Investing in Oregon's Primary Care Providers

Chair Patterson and members of the Committee, the Children's Health Alliance supports SB 609, which sets a minimum rate of payment for primary care and behavioral health providers for Oregon Health Plan members.

The Children's Health Alliance 180+ pediatricians care for approximately 190,000 children and their families in the Portland metro area and Salem and are committed to improving the health of all Oregon's children. Together, our pediatricians serve over 52,000 Medicaid members.

The Children's Health Alliance has consistently been a champion and advocate on legislative workgroups and multiple OHA committees to support primary care through recognition of the medical home model and increased primary care payment.

Today we wanted to further share why Oregon must ensure adequate payment for services to Oregon's Primary Care providers.

Primary care is the front line of our health care system.

Primary care is seen as the key to improved patient experience, better health outcomes, and lower costs. It provides the best continuity of care, fosters trust, and leads to lasting physician-patient relationships. Access and timely service through primary care prevents downstream health issues through its focus on prevention and early identification of health issues. It prevents ER visits and unnecessary hospitalizations and ultimately lowers overall healthcare spending. Nations with higher primary care spending often see better



population health outcomes, lower hospitalization rates, and reduced healthcare disparities. Yet, the U.S. spends significantly less on primary care compared to other high-income countries, despite having the highest overall healthcare spending.⁴

Investing in care models that promote safe, healthy environments, support caregiver relationships, address health-related social needs (HRSN), and make health equity an explicit goal not only are necessary to address the immediate health of children and other Oregon Health Plan members but can improve health over the life course and yield a long-term ROI.¹

However, Oregon will not see the benefit of a strong primary care foundation if it does not address the fundamental undervaluation of its role and services. The expectations for primary care providers continue to increase. Much of this increase in requirements and responsibilities is due to the recognition of the primary care sector's pivotal role in providing important support to its increasingly medically and socially complex patients. These services are often outside of the typical health care services and are not compensated at all or are paid at a rate that is lower than the cost to provide them. Medicaid patients often have the highest complexity and utilization of services as well as needing the highest amount of support for health-related social needs or social emotional health in early childhood. Yet, payment for Medicaid services approximates 50% of commercial payments.

The current value-based payment models, which are seen by many as a key method to improve health outcomes and reduce costs, require considerable resources to manage and still do not come close to covering the costs necessary to care for the patients. Payments within these models are seen as "bonus" payments by the Oregon Health Authority and CCOs, rather than fundamental to the investment in the medical home. Quality incentives are calculated and distributed well after the work is performed, making it difficult, if not impossible, to invest in the resources needed to qualify for the incentive payments. Because of their unpredictability, these payments do not actually increase resources to providers who are asked to do more with less.

Administrative burden for primary care is growing without constraint. We simply cannot continue to place unrealistic expectations and unreasonable administrative burden on primary care with no return to the primary care providers for whom we rely as our



foundation. This high level of administrative burden increases the overhead costs to serve patients and is one of the main contributors to burnout of clinicians.

The financial viability of practices is uncertain due to rising costs and demands with limited to no increase in payment. This is not sustainable nor viable. Independent practices will be forced to make tough choices and will be faced with the elimination of programs that are critical in their robust medical home, consolidation or selling out to venture capital or larger health systems or be forced to make difficult decisions as to which patients they can deliver care.

The imbalance of compensation and insatiable demands on the services they provide continue to exacerbate the limited availability of primary care providers and has led to intense strain on the primary care workforce. Fewer medical students are entering primary care than those who are retiring, and pediatrics only filled 92% of its residency positions in 2024, compared to 97% in 2023². Several factors contribute to this trend, with financial considerations among the top. Pediatricians are paid up to 25% less than other kinds of doctors, despite similar amounts of training.³ This cycle will continue until we can address the underlying misalignment of payments.

Payments to primary care providers need to be aligned with the timing of service delivery and increased investment that matches the demands and expectations placed on this important foundation of our healthcare system. Rebalancing payment will increase access to services for Oregon Health Plan members and allow primary care to provide the services and resources needed to care holistically for the Oregon Health Plan patients. SB 609 aims to do this by requiring an adequate floor of payment by which payment to primary care and behavioral health care providers is calculated.

We appreciate the opportunity to share our perspective on the importance of investment in primary care and urge you to support SB 609.

¹K. Brykman, R. Houston, M. Bailey. *Value-Based Payment to Support Children's Health and Wellness: Shifting the Focus from Short-Term to Life Course Impact*. Center for Health Care Strategies. September 2021.

²The Match. [NRMP Celebrates Match Day for the 2024 Main Residency Match](#). National Resident Matching Program Press Release. March 15, 2024.

³Alana Semuels. [Why You Can't Find a Pediatrician](#). Time. September 25, 2024.

⁴E. Gumas, C. Lewis, C. Horstman, M. Gunja. [Finger on the Pulse: The State of Primary Care in the U.S. and Nine Other Countries](#). The Commonwealth Fund Issue Briefs. March 28, 2024.