

HB 4038 -1 STAFF MEASURE SUMMARY

House Committee On Health Care

Prepared By: Alexandra Kihn-Stang, LPRO Analyst

Meeting Dates: 2/19

WHAT THE MEASURE DOES:

The measure would create a 10 year moratorium on the Health Care Cost Target (CGT) Program, preventing the Oregon Health Authority (OHA) from engaging in enforcement activities, including determining the cause for exceeding a cost growth target, requiring performance improvement plans, and imposing financial penalties. Takes effect on the 91st day following sine die.

Fiscal impact: May have fiscal impact, but statement not yet issued.

Revenue impact: May have revenue impact, but statement not yet issued.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-1 The amendment replaces the measure.

Makes changes to the Health Care CGT Program.

- Adds restrictions to OHA rulemaking related to financial penalties. Specifies that OHA may not impose financial penalties on providers or payers that have left the market where they exceeded the CGT, left the state, or that are following a performance improvement plan.
- Stipulates that a provider may, rather than shall, not be held accountable for cost growth due to compensation.

BACKGROUND:

Senate Bill 889 (2019) established the Health Care Cost Growth Benchmark program, administered by the Oregon Health Authority (OHA) in collaboration with the Department of Consumer and Business Services, to control growth of health care expenditures. The bill also established the Health Care Cost Growth Benchmark Implementation Committee to develop specifications for the program. In January 2021, this committee issued a final report and recommendations, including how total health care expenditures should be defined; cost growth targets for 2021-2025 and 2026-2030; data collection, use, and analysis; and accountability mechanisms. House Bill 2081 (2021) renamed these the Health Care Cost Growth Target Program and Implementation Committee. House Bill 2081 (2021) also directed OHA to adopt rules related to developing performance improvement plans and imposing financial penalties on certain payers or providers who exceed the CGT, while prohibiting PHA from imposing financial penalties until January 1, 2026. Oregon's cost growth target for 2026-2030 is 3.75%.

House Bill 4038 would create a 10 year moratorium on all enforcement activities of the Health Care Cost Growth Target Program.