

HB 4038-1
(LC 188)
2/5/26 (RH/ps)

Requested by HOUSE COMMITTEE ON HEALTH CARE (at the request of Representative Rob Nosse)

**PROPOSED AMENDMENTS TO
HOUSE BILL 4038**

1 In line 2 of the printed bill, after “growth;” delete the rest of the line and
2 line 3 and insert “amending ORS 442.386.”.

3 Delete lines 5 through 17 and insert:

4 **“SECTION 1.** ORS 442.386 is amended to read:

5 “442.386. (1) The Legislative Assembly intends to establish a health care
6 cost growth target, for all providers and payers, to:

7 “(a) Support accountability for the total cost of health care across all
8 providers and payers, both public and private;

9 “(b) Build on the state’s existing efforts around health care payment re-
10 form and containment of health care costs; and

11 “(c) Ensure the long-term affordability and financial sustainability of the
12 health care system in this state.

13 “(2) The Health Care Cost Growth Target program is established. The
14 program shall be administered by the Oregon Health Authority in collab-
15 oration with the Department of Consumer and Business Services, subject to
16 the oversight of the Oregon Health Policy Board. The program shall estab-
17 lish a health care cost growth target for increases in total health expendi-
18 tures and shall review and modify the target on a periodic basis.

19 “(3) The health care cost growth target must:

20 “(a) Promote a predictable and sustainable rate of growth for total health
21 expenditures as measured by an economic indicator adopted by the board,

1 such as the rate of increase in this state's economy or of the personal income
2 of residents of this state;

3 “(b) Apply to all providers and payers in the health care system in this
4 state;

5 “(c) Use established economic indicators; and

6 “(d) Be measurable on a per capita basis, statewide basis and health care
7 entity basis.

8 “(4) The program shall establish a methodology for calculating health
9 care cost growth:

10 “(a) Statewide;

11 “(b) For each provider and payer, taking into account the health status
12 of the patients of the provider or the beneficiary of the payer; and

13 “(c) Per capita.

14 “(5)(a) The program shall establish requirements for providers and payers
15 to report data and other information necessary to calculate health care cost
16 growth under subsection (4) of this section.

17 “(b) Based on a methodology determined by the authority, each provider
18 shall report annually the provider's aggregate amount of total compensation.

19 “(6) Annually, the program shall:

20 “(a) Hold public hearings on the growth in total health expenditures in
21 relation to the health care cost growth in the previous calendar year;

22 “(b) Publish a report on health care costs and spending trends that in-
23 cludes:

24 “(A) Factors impacting costs and spending; and

25 “(B) Recommendations for strategies to improve the efficiency of the
26 health care system; and

27 “(c) For providers and payers for which health care cost growth in the
28 previous calendar year exceeded the health care cost growth target:

29 “(A) Analyze the cause for exceeding the health care cost growth target;
30 and

1 “(B) Require the provider or payer to develop and undertake a perform-
2 ance improvement plan.

3 “(7)(a) The authority shall adopt by rule criteria for waiving the re-
4 quirement for a provider or payer to undertake a performance improvement
5 plan, if necessitated by unforeseen market conditions or other equitable fac-
6 tors.

7 “(b) The authority shall collaborate with a provider or payer that is re-
8 quired to develop and undertake a performance improvement plan by:

9 “(A) Providing a template for performance improvement plans, guidelines
10 and a time frame for submission of the plan;

11 “(B) Providing technical assistance such as webinars, office hours, con-
12 sultation with technical assistance providers or staff, or other guidance; and

13 “(C) Establishing a contact at the authority who can work with the pro-
14 vider or payer in developing the performance improvement plan.

15 “(8) A performance improvement plan must:

16 “(a) Identify key cost drivers and include concrete steps a provider or
17 payer will take to address the cost drivers;

18 “(b) Identify an appropriate time frame by which a provider or payer will
19 reduce the cost drivers and be subject to an evaluation by the authority; and

20 “(c) Have clear measurements of success.

21 “(9) **Subject to subsection (10) of this section,** the authority shall
22 adopt by rule criteria for imposing a financial penalty on any provider or
23 payer that exceeds the cost growth target without reasonable cause in three
24 out of five calendar years or on any provider or payer that does not partic-
25 ipate in the program. The criteria must be based on the degree to which the
26 provider or payer exceeded the target and other factors, including but not
27 limited to:

28 “(a) The size of the provider or payer organization;

29 “(b) The good faith efforts of the provider or payer to address health care
30 costs;

1 “(c) The provider’s or payer’s cooperation with the authority or the de-
2 partment;

3 “(d) Overlapping penalties that may be imposed for failing to meet the
4 target, such as requirements relating to medical loss ratios; and

5 “(e) A provider’s or payer’s overall performance in reducing cost across
6 all markets served by the provider or payer.

7 **“(10) The authority may not impose a financial penalty on any**
8 **provider or payer that has:**

9 **“(a) Ceased to do business in the market for which the provider or**
10 **payer was determined to have exceeded the cost growth target without**
11 **reasonable cause;**

12 **“(b) Ceased to do business in this state; or**

13 **“(c) Undertaken a performance improvement plan and is in com-**
14 **pliance with that plan.**

15 **“[(10)] (11) A provider [shall not be] may not be held** accountable for
16 **cost growth resulting from the provider’s total compensation.”.**