



Date: February 19, 2026
To: Representative Rob Nosse, Chair and Representative Ed Diehl Vice-Chair
House Committee on Health Care
From: Deborah Rumsey, Executive Director, Children's Health Alliance
Resa Bradeen, Medical Director, Children's Health Alliance
Subject: HB 4038 – Health Care Cost Growth Target Program

The Children's Health Alliance 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 and function as patient-centered medical homes value that prioritize preventive care as a cornerstone of child health.

The Children's Health Alliance supports HB 4038 and the proposed pause in the Health Care Cost Growth Target Program. We agree that healthcare cost growth in Oregon is unsustainable and that bending the cost curve remains an urgent priority. However, the current structure of the program, including the use of penalties and performance improvement plans, unreasonably holds independent primary care practices accountable for cost growth they cannot control.

Independent primary care practices represent a very small share of total healthcare spending and lack authority over the primary drivers of cost growth. We do not set prices, negotiate facility fees, control hospital or specialty costs, or manage the rapidly escalating costs of drugs and immunizations. Despite this limited influence, independent practices who already operate on thin margins are at significant risk of penalties or development of performance improvement plans under the current framework.

Our engagement with the Oregon Health Authority to review cost growth data has further highlighted a key challenge in the program: providers are not given timely, detailed, or actionable data needed to understand the drivers of cost growth or implement meaningful change. Without consistent data sharing from payers, accountability cannot reasonably translate into improvement.

The threat of penalties has also had unintended consequences. Rather than encouraging collaboration and innovation with health plans, it has led to disproportionate discussions of reasonable rates that match the experience of escalating costs in primary care. Primary care, the foundation to prevention and long-term affordability, is especially harmed by this dynamic, creating tension between cost containment goals and the need to stabilize and strengthen access to care.



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HB 4038 provides a balanced and pragmatic path forward. By delaying penalties until 2036, the bill allows time to improve data transparency, refine exceptions, and engage providers through technical assistance rather than punitive measures. Oregon already has effective tools, such as value-based contracts and shared savings arrangements, that better align accountability with the ability to influence costs.

For these reasons, we respectfully urge your **support for HB 4038**.