



February 19, 2026

House Committee on Behavioral Health and Health Care
Oregon State Capitol
900 Court Street NE
Salem, Oregon 97301

RE: House Committee on Behavioral Health and Health Care Hearing on HB 4038

Dear Chair Nosse, Vice Chairs Diehl and Nelson, and Honorable Members of the Committee,

Thank you to the committee for the opportunity to provide comments on [HB 4038](#). **We are in strong opposition to this bill and its significant weakening of the ability for Oregon to address soaring health care costs.** United States of Care (USofCare) is a non-partisan, non-profit organization working to ensure [everyone](#) has access to quality, affordable health care, regardless of health status, social need, or income. We work in states across the country to develop pragmatic policy solutions that are designed to respond to the needs of people. We often highlight Oregon as a pioneer in providing high-quality health care, addressing health disparities, and increasing affordability for people.

Oregon is one of [eight states](#) that have established a cost growth target program in an effort to curb increasing health care costs and bring greater transparency to health care spending in the state. While this program is a key tool for the Oregon Health Authority (OHA) to leverage to publicly report spending data, this transparency alone is [insufficient](#) to constrain cost growth to ensure health care spending remains in line with the growth of wages and inflation. The strength of the program lies in its accountability mechanisms – performance improvement plans (PIPs) and financial penalties – which provide a necessary accountability mechanism to ensure that payers and providers are meeting the target. Notably, Oregon is [one of only three states](#) whose cost growth target programs have the authority to enforce the target, positioning Oregon as a national model for other states trying to improve the effectiveness of their own efforts to improve affordability. **We strongly oppose the weakening of OHA’s authority to leverage PIPS and financial penalties upon health care actors exceeding the target in a 5 year period without reasonable justification.** The removal of these reasonable accountability mechanisms will only fuel the [rapid increases](#) in health care costs that are [jeopardizing the financial stability of Oregonians](#).

Instead of weakening this program, we strongly encourage the legislature to take the opportunity to couple the cost growth target with broader, systemic solutions to provide Oregonians with more affordable health care. One of the most effective levers states have to advance these efforts is through direct price regulation, such as [hospital price caps](#). The effectiveness of this solution can already be seen in the state’s own state employee health plan. In 2017, the legislature moved to implement reference-based pricing for Oregon Educator’s Benefit Board (OEBB) and Public Employees’ Benefit Board (PEBB) via [SB](#)

[1067](#), tying hospital reimbursement rates to a percent of Medicare in response to [rapidly rising spending](#) on health benefits for state employees. As a result, PEBB and OEBS saved an estimated [\\$107.5 million](#) in the first two years of the policy, representing 4% of overall plan spending, with a [\\$1.8 million](#) reduction in out-of-pocket spending by state employees. This reduction has allowed the legislature the ability to invest these budgetary savings into other priority health programs, like behavioral health and substance use supports.

There is [strong evidence](#) that an expansion of reference-based pricing into the commercial health insurance market would produce even greater savings for people with virtually no impact on hospital operating margins, a solution Vermont recently pursued through the passage of [S 126](#) in 2025. **We would encourage this committee to consider this policy or other [cost containment efforts](#) as a more effective way to meaningfully address health care costs, rather than eliminating one of the tools currently at state's disposal.**

We look forward to the opportunity to engage in future conversations on solutions to holistically address the burden of health care costs on people. Please don't hesitate to reach out with any questions.

Sincerely,

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