

20 February 2026

**TO:** Members of the House Committee on Health Care

**FR:** Ryan Tuthill, Oregon Business & Industry

**RE:** Testimony in Support of HB4038

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Oregon Business & Industry (OBI) is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 75% of which are small businesses, employ more than 250,000 Oregonians. Oregon's private sector businesses help drive a healthy, prosperous economy for the benefit of everyone.

Thank you for the opportunity to testify in support of HB 4038, which would pause penalties under the Oregon Health Authority's (OHA) Cost Growth Target program for 10 years. While we understand the bill will not move forward this session, we appreciate the conversation it invites about the program as a whole.

We remain concerned that the program risks penalizing health care payers and providers for actions outside of their control, adding administrative costs and financial penalties that ultimately fall on employers and employees. Oregon is the seventh most regulated state in the nation, and programs that impose excessive or unpredictable fines can weaken Oregon's business competitiveness by increasing the cost of health care and forcing employers to make difficult tradeoffs between maintaining employee coverage and hiring or investing in their workforce.

OBI participated in OHA's 2026–2030 Cost Growth Target Workgroup, which met in fall 2025. We supported the majority recommendation of a 5.5 percent cost growth target for the 2026–2030 reporting period and were disappointed that, despite the workgroup approving this recommendation 20 to 4, the Oregon Health Policy Board chose to move forward with the minority recommendation of a 3.75 percent target.

OBI has long supported reducing unnecessary costs and increasing transparency of cost drivers throughout the system. It is important that the state pursue transparency goals without imposing additional costs and burdens on health care entities that provide little or no benefit.

We would welcome the opportunity to revisit this program and evaluate its direction as the state navigates challenging budget environments. The goal of bending the health care cost curve is important, but to make meaningful progress, the program must be practical, effective, and not place undue burden on those who pay for and provide health care in Oregon.