Oregon Association of Hospitals and Health Systems

Legislative Testimony

Advocating for Oregon's Hospitals & the Patients They Serve

Committee: House Committee on Health Care
Bill: HB 3513
From: Andi Easton, on behalf of OAHHS
Date: April 14, 2015

Chair Greenlick and members of the House Committee on Health Care, on behalf of Oregon's 62 acute care hospitals and the patients they serve, the Oregon Association of Hospitals and Health Systems (OAHHS) appreciates the opportunity to comment on House Bill 3513.

Oregon hospitals support this legislation, which would maintain and even expand local access in regions where health care providers struggle to keep their doors open. HB 3513 could also help address two pressing rural health care challenges -- access to capital funding and the training, recruiting, and retention of primary care providers. However, we ask the committee to consider broadening the fund's scope to also support investments in rural healthcare transformation.

Rural hospitals face many special operational challenges, including lower patient volumes and a lack of balanced in payer types. Seventy one percent of Oregon's 32 small and rural hospitals reported negative operating margins in 2013; 13 of those hospitals reported margins of negative 5 percent or worse. This fund could help support existing providers, and even incentivize expanding access to areas that need it most by offering low-interest loans.

With the advent of Coordinated Care Organizations (CCOs) and the growing use of Patient-Centered Medical Homes in rural practices, Oregon's small and rural hospitals have had to rethink their health care delivery and reimbursement structures. Changes under Oregon's CCO legislation led to 15 rural hospitals moving off Medicaid cost-based reimbursement in 2015, with more are expected to follow in 2016. A 2015 OAHHS assessment of Oregon's rural hospitals' readiness to move to value-based payment found they have limited experience implementing risk-based payment methodologies, and identified development and deployment of population health management services in rural regions as a key opportunity. Expanding this fund to encompass grants to bolster training and adoption of relevant technology could help accelerate the adoption of alternative payment methodologies and new models of population-based care in rural Oregon. These funds could also be targeted to help rural provides elevate their practices to higher medical home "tiers."

We appreciate structuring this fund under the state treasury department, which could bring greater sustainability and predictability than a general fund appropriation. Finally, we seek several points of clarity on HB 3513 to ensure that it could achieve its intended purpose.

- If the bill is strictly interpreted to apply to hospitals only located IN medically underserved areas (MUA), only approximately four rural hospitals facilities would qualify. We would encourage a broader interpretation, to providers with service areas that INCLUDE a MUA.
- Provisions around short-term emergency funds and closure grants must also be clarified. Would those dollars need to be repaid? What is a short-term emergency?
- What entity or group would decide who qualifies for the loans or grants? OHA or the third-party lending institution that OHA contract with, or some other entity?

Thank you for the opportunity to comment.