

February 4, 2020

Oregon State Legislature  
House Committee on Health Care  
900 Court St. NE  
Salem, OR 97301

**Re: House Bill 4114 – Renal Dialysis Rate Caps**

Chair Salinas and members of the House Committee on Health Care:

On behalf of Oregon's 62 community hospitals and the patients they serve, the Oregon Association of Hospitals and Health Systems (OAHS) has concerns with Sections 3 and 6 of HB 4114. The continued trend of establishing rate caps in Oregon statute does not align with our collective health system transformation goals. Medicare rates are arbitrarily set to accommodate a variety of external factors, such as the federal budget, and do not keep pace with inflation. This payment system has no levers to advance quality of care, patient safety or outcomes.

Additionally, the Medicare system was developed to meet the needs of people over the age of 65. The system does not translate to a younger, commercially insured population. Establishing rate caps, in statute, for specific services or specific populations locks in a fee-for-service model. In Oregon and nationally, payers and providers are working towards a system that pays for value to benefit patients and communities.

Medicare rate caps is a form of public policy that stifles innovation and is the opposite direction Oregon is headed under a total cost of care growth target. OAHS will continue to raise concerns about using Medicare rates in statute as a tool for cost containment.

Thank you,



Andi Easton  
Vice President of Government Affairs  
Oregon Association of Hospitals and Health Systems