

Oregon's Sustainable Health Care Cost Growth Target Program

Oregon is taking bold steps forward to control the rising cost of healthcare. As the fourth state to set up a cost growth target program, our framework will begin to shine a light on the cost drivers of health care and hold both the private and public markets accountable for containing cost growth.

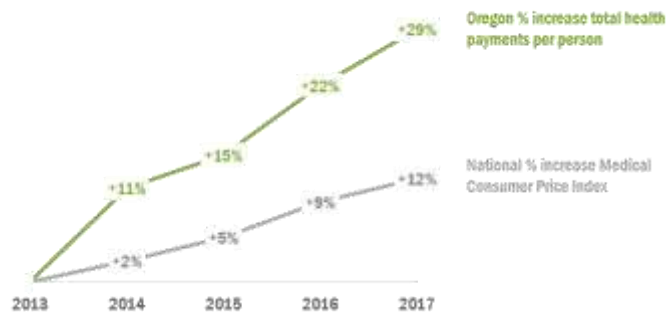
Senate Bill 889 (2019) established the Sustainable Health Care Cost Growth Target Program and convened an Implementation Committee under the direction of the Oregon Health Policy Board. The Committee was charged with developing a health care cost growth target for health insurance companies and large health care provider organizations.

The health care cost growth target is essentially an annual budget for the growth of total health care spending per person in the state. Health insurance companies' and health care providers' spending will be compared to the target each year, and the program will report on cost increases and drivers of health care costs. The target will bring everyone to the table to work towards a common goal of holding health care costs down.

Health care costs in Oregon are growing at a rate that is not sustainable.

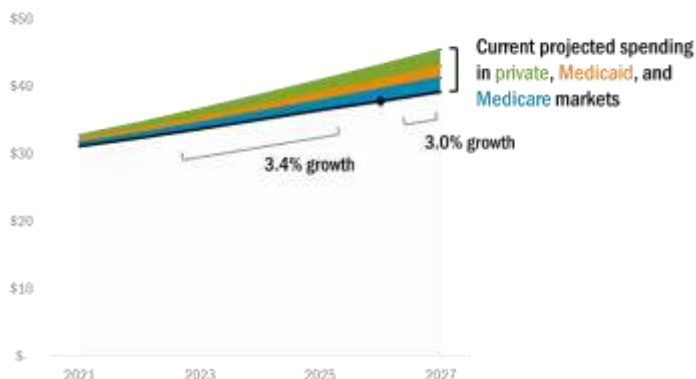
The cost of health care in Oregon is projected to continue growing faster than both the state's economy and Oregonians' wages.

When the cost of health care grows faster than the economy and wages, it means that Oregonians are left paying a larger percentage of their income on health care.



Rising health care costs also mean less money is available for investments in wages, retirement, and critical public services.

Oregon's health care cost growth target could save up to \$16 billion in state, federal, and private health care costs over the next 6 years.



National health care costs are currently projected to grow more than 5 percent each year.

Oregon's health care cost growth target provides a budget for all payers and provider organizations to try to meet.

The Implementation Committee's recommendations will guide Oregon's health care cost growth target program.

The Sustainable Health Care Cost Growth Target Implementation Committee, operating under the supervision of the Oregon Health Policy Board, developed recommendations for the health care cost growth target program, organized across six workstreams. The Committee submitted recommendations to the Legislature in January 2021.

These recommendations include:

- Setting the target for the annual per person rate of growth of total health care spending
- Goals and principles to guide data collection, analysis, and reporting
- Strategies to ensure quality and equity, including a focus on monitoring for unintended consequences of the cost growth target program
- Principles for accelerating the adoption of advanced value-based payment models
- Strategies for transparency, including public reports and public hearings
- A governance structure for the cost growth target program, and
- Accountability mechanisms for payers and provider organizations if their annual cost growth is greater than the cost growth target



What's Next?

SB 889 (2019) gave the Oregon Health Authority and the Department of Consumer and Business Services the authority to implement the cost growth target program, with the exception of any accountability and enforcement mechanisms. Upcoming work is focused on the data submission process and deepening quality and equity strategies.

Q1	<ul style="list-style-type: none"> ✓ Accountability bill (HB 2081) considered by Legislature ✓ Launch technical advisory group and develop data submission process ✓ Advance Value-Based Payment voluntary compact
Q2	<ul style="list-style-type: none"> ✓ Begin baseline data collection (2018-2019) ✓ Develop framework for monitoring for unintended consequences ✓ Develop template and guidance for Performance Improvement Plans ✓ Publish new cost trend reports (2014-2018) ✓ Continue developing Data Use Strategy

Stay Informed

To learn more and subscribe to email notices about the development and implementation of the Sustainable Health Care Cost Growth Target, go to the Health Policy and Analytics website:

<https://www.oregon.gov/oha/HPA/HP/Pages/Sustainable-Health-Care-Cost-Growth-Target.aspx>