

**Providence Health & Services**  
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April 19, 2021

The Honorable Deb Patterson  
Chair, Senate Health Care Committee  
Oregon State Capitol  
Salem, OR 97301

RE: House Bill 2081

Dear Chair Patterson and members of the Committee:

Providence Health & Services remains deeply committed to our shared goals of reducing the total cost of care in Oregon. Throughout each phase of this work, including lending our support to Senate Bill 889, Providence has been a collaborative partner. Based on this engagement and our in-depth understanding of how this work is being implemented, we have several concerns that we would like the Committee to be aware of.

Providence's concerns are not with the concept – it will take all of us working together to reduce health care spending in Oregon. Our concerns rest on the fact that two fundamental aspects of this work have not been finalized. The first is we do not know our baseline spending. Without understanding our annual spending, it is unreasonable that the state should establish accountability mechanisms in statute. The Oregon Health Authority has proposed that every provider and payer in this state be held accountable for a 3.4% annual growth rate by market. This would mean if Providence misses the target in Medicare for three years but hits the target overall, the performance process would trigger and could result in a severe penalty. We need to move forward in a sustainable manner that doesn't lock us into accountability mechanisms that produce unintended consequences.

Secondly, we need transparency about how total health care spending will be calculated. OHA has established a Technical Advisory Group for this purpose, but this work is early in the process. Obtaining and validating spending information at the level OHA intends is incredibly complex. So complex that Massachusetts, the state we have based our model on, has a comprehensive, agency-led process for registering accountable organizations and collecting data in a standard manner. A clear and tested methodology for calculating health care spending should be developed before establishing accountability mechanisms and timelines in statute.

It may be entirely reasonable to apply the target in 2023, but we won't know until we understand where we are starting. We respectfully request that the Committee hold off on making decisions about timelines and accountability mechanisms until OHA has run the numbers and understands the baseline.

Sincerely,

A handwritten signature in black ink that reads "William Olson".

William Olson  
Chief Operating Officer  
Providence Health & Services - Oregon