



April 19, 2021

Dear Chair Patterson, Vice-Chair Knopp, and Members of the Committee,

For the record, my name is Mike Powers, and I am President of SEIU Local 503. I'm also here today speaking on behalf of SEIU 49. Together, SEIU 503 and 49 represent 85,000 working Oregonians. Our mission is to achieve a higher standard of living for our members, their families, and dependents by elevating their social conditions and striving to create a more just society. SEIU supports HB 2081 A.

SEIU approaches healthcare policy from the perspectives of our members. This includes members who work in hospitals delivering critical care, members who collectively are significant purchasers privately and through PEBB, and of course SEIU members and their families who use the system as patients. In each instance – as health system employees dealing with short staffing and cost constraints, as major purchasers, and as patients – our members have been struggling for too long with rising healthcare prices.

If properly implemented with all parties participating, we believe that a total expenditures growth target, like that set by the Legislature in 2019 through SB 889, will incent all parts of the healthcare system to control Oregon's runaway price problem.

Oregon is headed in the wrong direction, with high and growing prices. Year after year, study after study shows that our prices are high relative to the rest of the nation, and our inpatient prices are even higher. While Oregonians have been facing rising co-pays and deductibles and even forgoing care due to cost, data suggest our hospitals have been raising prices. From 2018 to 2019, hospital operating profits increased by 69 percent (to a total of \$715 million), while the number of emergency room visits and hospital stays remained flat. Oregonians did not receive more care compared to the year before, yet we paid millions more to our hospitals.

Meanwhile, patients continue to struggle under the high cost of care. Healthcare price increases hit families with the lowest incomes the hardest, as healthcare costs crowd out wages. Now, COVID-19 has made this issue even more urgent, as many have lost work or experienced drastic reductions in income. An Urban Institute survey found that families who lost work during the pandemic were twice as likely to avoid going to the doctor strictly because of cost than those who remained employed (1 in 5 vs. 1 in 10). Of those who lost work, nearly 30 percent of Hispanic adults and Black adults reported an

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unmet need for care because of cost, compared with only 18 percent of white adults. A national Gallup survey from February 2021 found that one in eight adults, or about 12%, have cut back spending on food to pay for the healthcare they are currently receiving. And a recent Pew Research Center survey found that 58% of lower-income non-retired adults say the pandemic will make it harder for them to achieve their financial goals over the long term, suggesting that the economic damage from COVID may be lasting for families at the lowest incomes.

Rising healthcare prices have also driven PEBB costs, and SEIU has partnered with State government to make changes that hold down these increases. Prior to 2011, PEBB premiums rose on par with the commercial insurance market, including almost tripling between 2000 and 2011. Since 2011, SEIU has worked closely with PEBB to develop and implement strategies for living within the State’s 3.4 percent healthcare growth target while commercial insurance plans have continued to increase by 6 to 7 percent per year. We remain committed to maintaining affordable care while centering quality, and we support efforts to align the rest of the healthcare system around these goals.

Oregon’s growth target has benefited from intense scrutiny and investment by a wide variety of stakeholders, especially the industry itself. First it was the SB 419 taskforce, then the SB 889 implementation committee, next will be the Cost Growth Technical Advisory Group (TAG)—this effort has been processed for three years. At each stage, healthcare industry representatives, consumer advocates and other stakeholders worked tirelessly to come to a hard-won consensus and set valuable targets and goals for our state. Now is the time to take the agreements made by these diverse constituents and move aggressively toward implementation.

HB 2081 A adds a valuable piece to the cost growth target puzzle: enforcement. Like any successful program, so too must this one contain enforcement mechanisms. The SB 419 blueprint that led to SB 889 tasked this advisory group with recommending an accountability and enforcement structure, specifically stating, “Accountability initially involves a performance improvement plan and may progress to enforcement based on repeated violations (i.e., inability to meet benchmark target).” We are in strong support of the menu of options to facilitate compliance that are outlined in HB 2081. We think these options provide the right balance of flexibility to create space for learning and enforcement tools to use in the case of repeated, willful violation of the target.

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Implementing advanced value based payments (VBPs) is one necessary complement to the cost growth containment work. VBPs are one of OHA's primary strategies for achieving the triple aim of better health, better care and lower costs for all Oregonians. Whereas the traditional fee-for-service payment model results in a fragmented system and unnecessary costs, transitioning to VBP increases flexibility and incentives for providers to deliver patient-centered, whole person care. And, VBPs are essential for Oregon to meet our stated cost containment goals and balance our budget. During the SB 889 process most Oregon insurers and health systems that were at the table agreed on targets committing to phase in value based payments. This is a critical step because it will align the work that is already happening in the Oregon Health Plan, PEBB, and OEBB with the commercial market.

On behalf of SEIU members and all Oregonians who struggle to access affordable care, we support HB 2081. Oregon's cost growth target and work to implement VBPs are steps forward to achieving the change that our economy and communities need. The urgent work to contain healthcare costs will not be simple; it will be a challenge for some and rub others the wrong way. But, change isn't easy. We must steel ourselves to uphold the goals we have set for ourselves and the promises we have made to the people of Oregon to start to make healthcare more affordable.

Thank you for the opportunity to provide testimony in support of HB 2081 A.

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