



February 9, 2021

Oregon State Legislature
Joint Committee on Ways and Means Subcommittee on Human Services
900 Court St. NE
Salem, OR 97301

**Re: House Bill 5024 – Oregon Health Authority Budget
(Health Policy Analytics-Public Employees Benefits Board-Oregon Educators Benefits Board)**

Co-Chairs Lieber and Nosse, and members of the Subcommittee on Human Services:

On behalf of Oregon's community hospitals and the patients they serve, the Oregon Association of Hospitals and Health Systems (OAHHS) appreciates this chance to provide initial comments on the Oregon Health Authority budget, House Bill 5024. As the agency with the most direct influence on, and responsibility for, the health and well-being of all Oregonians, we appreciate you providing this opportunity. We believe a transparent, focused discussion on the budget helps identify successes and opportunities but also helps to prioritize to what is most important, especially in a time like this, for an agency like this.

We urge the legislature to fully fund the Oregon Health Plan, take full advantage of our federal partnerships, and focus OHA policy and resources toward the COVID-19 response. If we harness our collective ability to help those in need and address this pandemic together, we can then move onto discussions about other vital policy areas. If we do not focus now on these key priorities, we risk health care for those most in need during a critical moment, and we risk a prolonged economic recovery that will affect our health, the education of our children, the security of our employment, and the vitality of our communities. We understand that it is difficult to set a focused set of priorities when there is so much work to do. We look forward to leaning into the many conversations ahead of us when the pandemic has been brought under control.

Oregon is undertaking a total cost of care approach to address health care costs through developing a sustainable health care cost growth target framework (SB 889 (2019)). Health care payer and provider cost growth will initially be compared to a 3.4% target. As the policy committees and this committee discuss this work, we continue to have concerns that a program of this size and scope cannot be effectively realized without significant additional detail. Throughout the workgroup process, we have expressed concerns that the OHA's lacks the capacity and capabilities needed to support the health care system in a brand-new program with important implications for health policy moving forward.

In order to meet this target, payers and providers will need to deepen collaborative partnerships and move towards value-based payment models. OAHHS believes this partnership should continue on the current voluntary path being discussed with OHA. Therefore, we oppose HB 2082. In an era of change, partnerships have become one means for developing coordinated systems of care that fuel innovation and drive value-based care. This should extend to OHA across all its health insurance programs. Partnering with the industry to design, pilot, innovate and implement policy will ultimately create better policy to achieve our collective goals: better health, better care, health equity and lower costs for all Oregonians. HB 2082 creates an unnecessary and redundant bureaucratic process as well as a significant implementation burden, highlighting another example of public policy impeding progress.

As Oregon moves towards a value-based payment system PEBB and OEBC must be a key part of the strategy and multi-payer plan. However, we continue to have concerns about the lack of understanding of how current policy being implemented is impeding desired outcomes. The hospital rate caps established in 2017 and subsequent policy decisions established through OHA rulemaking are not compatible with the stated policy direction. There is no mechanism for supporting coordinated care management or enhanced analytics, for example. Oregon policymakers must identify and mitigate barriers to value-based payment and sustainable cost growth, not further promote regulations that lock in a fee-for-service structures. Value-based payment requires innovation, partnership, and vision. Value-based payment also assumes driving outcomes for all involved – in this case, patients, providers, payers and the state. What outcomes does the legislature expect of this work from the Oregon Health Authority? What outcome does it expect on behalf of the members it purchases health insurance for? Where are the innovative models between payers and providers to drive better health, better care, health equity and lower costs? How is the OHA supporting this work of the health care system?

Our organization and our members thank you for your time and your commitment to Oregonians during this challenging time. We look forward to working with you as you develop your budget proposals during this legislative session.

Thank you,

Sean Kolmer

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