

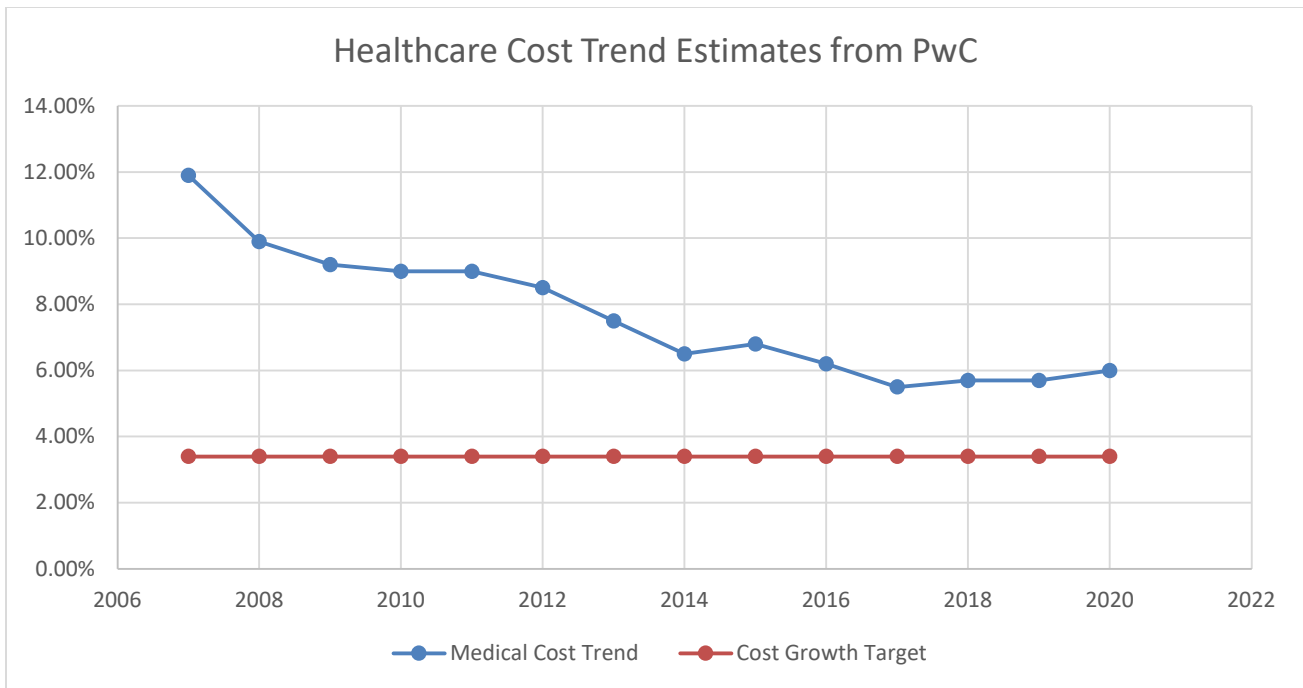


February 26, 2021

Chair Prusak, Members of the House Health Committee,

Thank you for the opportunity to testify in the hearing for HB 2673. I wanted to offer additional written testimony to further make the point about our concern that this proposed legislation is in conflict with the stated goals of the Sustainable Cost Growth Target Program that was created upon the passage of SB 889 in 2019.

In order for Oregon to achieve the stated goal of containing healthcare costs to 3.4% annual growth we are all going to have to make extraordinarily difficult decisions to get anywhere close to that goal. Here is a link from a Price Waterhouse Cooper article mapping the past healthcare cost trends that also predicts the 2021 cost increases. The lowest year over year increase this study reports is in 2017 when the rate of growth was only 5.5%. That is more than 2% higher than the Cost Containment Target. Last year when we have understood healthcare spending to be lower than usual the percentage was 6%.



The point is that every rate increase or payment mandate that increases costs - no matter how slight they appear - will drive us further from the stated goal of SB 889. It's important to state this now because the impact of decisions you make in 2021 will show up in the data we will be required to report in future years. Hopefully a deeper commitment to primary care will help us with cost trends

and we hope that value-based payment arrangements will create incentives to eliminate waste in the system, but it is going to be a herculean task to meet a 3.4% goal when over the past 13 years we have rarely been able to contain costs in the healthcare system below 6%.

Sincerely,
Vince Porter
Director of Government Affairs