June 16, 2023

Re: Testimony opposing HB 2045

Dear Chair Lieber and members of the Senate Rules Committee,

Main Street Alliance supports the cost growth target program and its goals of evaluating and where possible limiting increases in health care spending. As Oregon's health care costs rise faster than the national average, faster than inflation, and faster than Oregonians' wages, this issue is more important than ever before. For that reason, we oppose HB 2045.

We want to note that the program is still in the beginning stages of implementation, and there should not be any legislative changes to the program until it has been fully implemented. We believe that the program as it stands today provides sufficient guidance for implementation, and that the rulemaking process is the appropriate venue to determine what constitutes a "reasonable basis" for exceeding the cost growth target. Exemptions require careful consideration and input from a broader group of stakeholders, including businesses whose costs in purchasing insurance are often affected by the costs passed between providers and carriers. This bill jumps the gun, establishing exemptions in statute before the full implementation of the target and its rules.

HB 2045 and the proposed amendment undermines the intent of the cost growth target program to check health care cost growth. The target was intended to provide some checks for the rising cost of health care - not just premiums or any singular aspect of health care costs, but the total cost of care, including workforce. Overall health care spending includes good spending and investments that we want providers and other entities to make - in primary care, in community benefits, in equipment and research and better technology. The goal of the cost growth target is to capture health care spending - the good and the bad - and help entities identify where spending is wasteful. It is not intended to punish entities for necessary and beneficial investments in their staff, patients, and community. The exemption in HB 2045 ignores the benefits of capturing workforce investments in the cost growth target.

The proposed language codifies something that is already allowed, but without the flexibility that the current program provides to be responsive to changes in the health care landscape that occur outside of a legislative session. Part of the rationale for including reasonable exceptions to the target in the original statute was to be responsive to cost changes that occur throughout the year that are outside the control of health care entities subject to the target. The program intentionally built in the flexibility through the "reasonable basis" language, which allows entities subject to the target great leeway in meeting or not meeting the target. Furthermore, the cost growth target advisory committee has discussed the definition of a "reasonable basis" for exceeding the cost growth target. This likely criteria includes workforce costs and other cost increases that stem from factors outside the control of health care entities, such as administrative, tax, or statutory changes; macroeconomic factors like historically high inflation and labor shortages; or acts of God like a pandemic. The proposed amendment makes this a blanket exemption from the program rather than accounting for how these changes affect increases in overall health care costs.

The cost growth target is an important program that will help Oregon identify ways to contain health care costs, but we can't do that if we hamper the program before it has a chance to do its work. I urge you to not change the program in statute, and to carefully consider any language you adopt and the effects it will have on the cost growth target as it is fully implemented.

Sincerely, Jim Houser, Co-Founder, Hawthorne Auto Clinic, Portland, OR, retired; Main Street Alliance, Board of Directors Member