



February 21, 2023

Oregon State Legislature
900 Court St. NE
Salem, OR 97301

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Chair Nosse and Members of the House Committee on Behavioral Health and Health Care:

The Oregon Association of Hospitals and Health Systems (OAHS) is a mission-driven, nonprofit association representing Oregon's 62 community hospitals. Together, hospitals are the sixth largest private employer statewide, employing more than 70,000 employees. Committed to fostering a stronger, safer Oregon with equitable access to quality health care, OAHS provides services to Oregon's community hospitals ensuring all are able to deliver dependable, comprehensive health care to their communities; educates government officials and the public on the state's health landscape; and works collaboratively with policymakers, community organizations, and the health care community to build consensus on and advance health care policy benefiting the state's 4 million residents.

Hospitals are more than just buildings; they are cornerstones within the communities they serve. Our hospitals are employers, partners in community projects, and community spaces—all while providing vital health services to generation after generation of families in communities across Oregon. We know that when our hospitals are strong, our communities win.

We appreciate the opportunity to support House Bill 2091, which would delay penalties under the cost growth target program until 2026. Neither performance improvement plans nor financial penalties could be imposed based on increases in total health expenditures prior to January 1, 2025.

As we explain in our testimony supporting HB 2742, a reexamination of the cost growth target program is needed considering all that has changed since its inception. We have serious concerns that the program, in our current health care and economic environment, jeopardizes access to care in our communities. The cost of delivering care in our hospitals is rising astronomically due to workforce costs and shortages, patient discharge challenges, high inflation, and other factors.¹ These costs generally stem from factors that are far beyond the control of individual hospitals or health systems. Yet, these costs are likely to translate to rising total health expenditures, which may trigger enforcement actions under the current cost growth target program. This means hospitals and other health care providers could be penalized for covering the costs of providing the services their communities need.

¹ Apprise Health Insights, [Oregon Hospital Utilization & Financial Analysis: Q3 2022 & Current Trends](#).

The Oregon Health Authority (OHA) has set forth a plan to delay accountability under the program by one year—that is, OHA would not put any payer or provider organization on a performance improvement plan for 2021-2022 cost growth.² As the challenges to our health system continue into 2023 and show no sign of abating, a one-year delay is insufficient. OHA expressed a willingness to consider extending its enforcement discretion to cost growth between 2022 and 2023 but does not plan to make that decision until sometime in 2024, when it reviews the 2021-2022 cost growth data—after any 2022-2023 cost growth has already occurred.³ This reactive and highly discretionary decision-making strategy does not empower hospitals and other health care entities to take steps to address urgent needs now, including supporting the health care workforce and maintaining access to services.

HB 2091 would provide relief for a more reasonable amount of time to allow hospitals to meet the immediate needs of their communities, and to allow the health system to stabilize, before reinstating enforcement. Hospitals and other health care entities need support to manage the increasing costs of maintaining access to care while remaining financially sustainable and without risking penalties for doing so.

Thank you for the opportunity to engage on behalf of our members and the communities they serve.

Thank you,



Sean Kolmer
Executive Vice President, External Affairs
Oregon Association of Hospitals and Health Systems

² Cost Growth Target Advisory Committee [Meeting Slides, January 2023](#), slide 34.

³ See Cost Growth Target Advisory Committee [Meeting Slides, January 2023](#), slide 34; see also slide 29, explaining the timing of data submission and reporting.