

February 21, 2023

Good evening, Chair Nosse, Vice Chairs Nelson and Goodwin and other distinguished members of the House Behavioral Health and Health Care Committee. For the record, I am Scott Shollenbarger CFO of The Corvallis Clinic, P.C. an independent multi-specialty outpatient medical clinic consisting of 100+ providers, serving the communities of Corvallis, Albany, Philomath, Lebanon, Monmouth, and Independence, for 76-years. I am also here on behalf of the Oregon Independent Medical Coalition representing physician owned clinics and 1,600 providers in communities across the state. The coalition advocates for reasonable regulations and public policy for these health clinics to remain independent and serve tens of thousands of Oregonians with quality, affordable and accessible care.

I am here to register our support for HB 2091, which provides a much-needed adjustment to the timeline for the Cost Growth Target program to apply financial penalties to health care entities.

As you all know, the cost of providing health care has increased dramatically over the last several years, much of which has been driven by circumstances beyond our control.

1. The cost of medical drugs, medical supplies, and office supplies have increased by 6 to 10% and remain at all-time highs.
2. Year-over-Year salaries, salaries wages, and benefits have increased by 5%
3. Staffing shortages have led to a 14.50% increase in temporary staffing costs, on a year-over-year basis. This additional expense relates to the need for travelling nursing staff and locum tenens.
4. Other operating expenses have increased as well.
5. As patients have been told to go home and isolate for 3-years, chronic disease management is exploding, and the costs to provide care to these patients is increasing at an alarming rate, as comorbidities in patients have gone unchecked on a regular basis.
6. Healthcare providers are suffering from abnormally elevated levels of stress and burnout as complexities of patient care has increased.
7. Reimbursement from payers is declining at the same time. Medicare decreased reimbursement by approximately 8% this year, and insurance carriers are following suit in accordance with our contracts.
8. Our Shareholders have seen their compensation reduce by 10% in 2022 to assist the Clinic with increasing expenses.
9. Insurance carriers have fallen behind in credentialing providers which is straining access as these providers cannot provide care to patients.
10. The need to provide more mental health benefits has increased significantly during the pandemic, and the need to provide care to these patients brings an added cost structure to our organization. Although insurance carriers cover some portion of care, the needs of the patients surpass the coverage from carriers, which adds yet another source of financial constraint to the Clinic.
11. Inflation spiked to 8.5% in 2022, which is yet another driver in the cost of supplies.

12. In our local service area, most fast-food businesses are paying higher wages than we are.
13. Local healthcare competitors with greater resources are hiring away staff at rates that the Clinic cannot pay employees at, much less sign-on bonuses and payment of retention bonuses.
14. Additionally, insurance close out claims experience six to nine months following the end of their year, which delays reporting to OHA, who then takes the data and analyzes to determine cost increase according to the Cost Growth Target.
  - a. Accordingly, the Clinic will receive data towards the end of the following calendar year, and as such will have not time to develop a plan to contain costs.
15. Interest rates have soared to control inflation, which is makes investing in new service lines and technologies even more expensive.
16. Insurance carriers are reporting staffing shortages, and this is leading to an increase in our Days in Accounts Receivable, on a year-over-year basis.

As a former member of the Cost Growth Target Implementation Committee, I understand and respect the goal of this initiative, and The Corvallis Clinic, and our colleagues in the Oregon Independent Medical Coalition, are all working to minimize healthcare costs where at all possible. We certainly appreciate that the cost of healthcare is increasing, and we are all supportive of minimizing the growth rate of healthcare expenditures.

The Corvallis Clinic supports the Cost Growth Target Advisory Committee recommendation to delay Performance Improvement Plans and penalties by two years. As you can see, there are multiple obstacles that remain to be resolved over the next several years as the country shifts into a post-pandemic world.

Thank you for your time and attention to this most important matter.

Respectfully,

Scott Shollenbarger, CFO  
The Corvallis Clinic, P.C.