



April 27, 2023

TO: House Rules Committee
FR: Maribeth Guarino, Health Care Advocate, Oregon State Public Interest Research Group (OSPIRG)
RE: In Opposition to Amending the Health Care Cost Growth Target

My name is Maribeth Guarino and I am the health care advocate at OSPIRG. OSPIRG is a statewide, citizen-based, public interest organization representing thousands of Oregonians. I am also a member of the Cost Growth Target Advisory Committee, though I'm not here on behalf of the committee. I am testifying against HB 2045 and the -1 amendment today.

The cost growth target's goal is to capture and understand the totality of health care spending in Oregon. Today's amendment proposes a blanket exemption to the cost growth target in the form of all frontline worker costs for providers. If we want to understand and bring health care costs under control, we have to look at the whole picture, and that includes frontline worker costs. There are certainly good kinds of health care spending, and ensuring that there is staff to run our hospitals and care for patients would qualify - I don't think anyone would disagree with that. However, there should be guardrails in place to ensure that if workforce costs increase by 20%, that the increase is for a good reason like complying with statutory changes or economic factors that require such an increase. Otherwise, we are defeating the purpose of the program, which is to provide a check for uncontrolled increases in health care spending.

The program already has such guardrails for ensuring that any health care entity subject to the cost growth has the flexibility to exceed it without any penalty under the "reasonable basis" standard. This includes workforce costs, particularly those outside of an entity's control such as being due to a pandemic or statutory changes at the state or federal level. There will be rulemaking around this and other parts of the cost growth target accountability that hasn't had the chance to happen yet. The implementation is happening in phases in order to reassure entities at each step of the process, from data submission to accountability measures. In fact, the program has already decided to delay accountability due to the pandemic - [NO accountability in ANY form will be happening until at least 2025.](#)

I urge this committee not to change these standards before the program is fully implemented; however, I understand that the partial implementation of the program raises some uncertainty for hospitals as policies are being considered this session. To that end, we have proposed alternate language that provides for examples of the reasonable basis standard to be codified, leaving room for rulemaking but with some more concrete statutory guidance that workforce costs due to changes in the law could constitute a reasonable basis for exceeding the target. Our hope is that this language provides enough certainty that the cost growth target won't punish entities for complying with new laws.

I encourage this committee to take a look at the cost growth target advisory committee's meeting materials from recent meetings, including a discussion chart I've uploaded to OLIS about what constitutes a "reasonable basis" for exceeding the target. There has been robust discussion from a broad group of stakeholders there, and those discussions should be of import to the one we're having now. We look forward to further work on this concept, but I ask that you all stick with the cost growth target as it is fully implemented, and respectfully oppose the bill and the -1 amendment.

Thank you.