

# Cost Growth Target Accountability, 2022-2023

## Addendum to 2025 Annual Report Sustainable Health Care Cost Growth Target Program

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October 2025



OREGON  
**HEALTH**  
AUTHORITY

HEALTH CARE  
**COST GROWTH**  
**TARGET** 

# Introduction

Oregonians are paying more and more for their health care and health care is increasingly unaffordable for working families across the state and puts additional strain on the budgets of businesses and government agencies paying for health coverage.

To address this challenge, Oregon has established a cost growth target—a statewide goal for how much health care spending should grow each year, aligned with projected increases in wages and overall state economy.

To truly move the needle on health care affordability, all of Oregon’s health insurance companies and health care provider organizations must meet or stay under the cost growth target in every market.

This report accompanies the [2025 Cost Growth Target Report](#) and identifies whether health insurance plans and provider organizations that exceeded the cost growth target between 2022 and 2023 did so for acceptable reasons.

This report also determines, for the first time, whether any payers and provider organizations that exceeded the target are required to develop and submit performance improvement plans (PIPs).

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# Background

The Oregon Health Authority collects data annually from health insurance plans (payers) and other sources to measure statewide health spending and assess whether Oregon’s health care industry has met the cost growth target for that year. OHA publishes this information in an [annual report](#).

The annual report also identifies how each insurance market (commercial, Medicare Advantage and Medicaid) as well as each individual payer and provider organization (e.g. hospital systems and medical groups) measures up against the target.

OHA made a total of 120 comparisons of cost growth to the target for insurance plans, hospital systems, and medical groups.

Beginning with the 2022-2023 measurement period, payers and provider organizations with cost growth above the target (determined with statistical certainty) and found without an acceptable reason will be subject to performance improvement plans (PIPs).

Before any entities can be held accountable for excess annual cost growth, OHA must determine whether the payers and provider organizations with a “Not Met” designation have an acceptable reason for exceeding the cost growth target. This is the “determining reasonableness” process.

OHA determined reasonableness for the 26 payers that did not meet the target in the 2022-2023 measurement period.

	Met	Not Met	Indeterminate
Commercial	0	6	3
Medicare Advantage	1	7	2
Medicaid	4	13	0

OHA determined reasonableness for the 45 provider organizations that did not meet the target in the 2022-2023 measurement period.

	Met	Not Met	Indeterminate
Commercial	0	11	10
Medicare Advantage	1	11	1
Medicaid	8	23	19

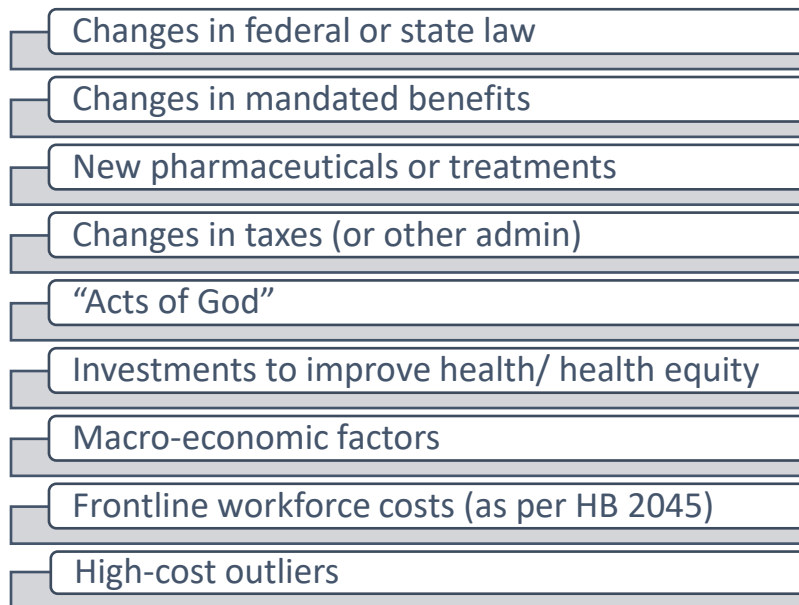
Indeterminate means that OHA could not determine, with statistical certainty, whether the payer or provider organization had met the target.

## Determining Reasonableness

In this process, OHA collaborates with payers and provider organizations to understand what factors are driving up their health care spending before determining whether excess cost growth was for an acceptable reason, as specified in Oregon Administrative Rule [409-065-0035](#).

The graphic below shows a partial, but not exhaustive list of acceptable reasons. Other reasons may be added over time. More detail is in OHA's [sub-regulatory guidance](#).

### Acceptable Reasons for Cost Growth



Changes in federal or state law
Changes in mandated benefits
New pharmaceuticals or treatments
Changes in taxes (or other admin)
“Acts of God”
Investments to improve health/ health equity
Macro-economic factors
Frontline workforce costs (as per HB 2045)
High-cost outliers

## Performance Improvement Plans

Per Oregon Administrative Rule [409-065-0040](#), a payer or provider organization that exceeds the cost growth target with statistical confidence and without reasonable cause must develop and submit to OHA a Performance Improvement Plan (PIP).

A PIP is a document written by the payer or provider organization and approved by OHA that specifies how certain factors will result in reduce cost growth such that future cost growth does not exceed the target. The PIP must:

- Identify key cost growth drivers and specific actions the entity will take to address those cost growth drivers.
- Identify an appropriate timeline by which the entity will reduce cost growth and cost growth drivers, and
- Include clear metrics for success

OHA will formally notify each payer and provider organization of the requirement to develop and submit a PIP, as well as the timelines and available technical assistance.

OHA worked with the Technical Advisory Group (TAG) in 2024 to develop a [PIP template](#) and [PIP guidance](#).

# Findings

On a per-person per-year basis, statewide total health care expenditures grew 5.2% between 2022 and 2023, exceeding the cost growth target of 3.4%.

OHA made a total of 120 comparisons of cost growth to the target for insurance plans, hospital systems, and medical groups.

Twenty-six payers and 45 provider organizations were identified as exceeding the target in a specific market (Medicaid, Medicare Advantage, Commercial) with statistical confidence. Cost growth for all payers and provider organizations is detailed in the [2025 Annual Report and Provider Addendum](#).

Over the last year, OHA has worked closely with these payers and provider organizations to understand the reasons behind their cost growth, including reviewing additional information provided by those entities.

## Determinations

OHA determined that 66 entities exceeded the cost growth target for reasons that were acceptable, while 3 payers and 2 provider organizations did not. The individual determinations are posted [online](#),

The following five entities were found to have unreasonably high health care cost growth in 2023:

- St. Charles Health System, whose costs for serving people with commercial insurance increased 26.3%.
- Moda Health's Medicare Advantage insurance plans, which increased 15.4%.
- UHC Company's Medicare Advantage insurance plans, which increased 6.3%.
- The Corvallis Clinic, whose costs for serving people with commercial insurance increased 8.7%.
- PacificSource's commercial insurance plans, which increased 7.3%.

## Performance Improvement Plans

The 2022-2023 measurement period marks the first time that OHA can require organizations to submit performance improvement plans if their high cost growth didn't occur for an acceptable reason.

OHA is requiring three of the above organizations – PacificSource, St. Charles Health System and The Corvallis Clinic – to develop and submit plans.

As allowed by state law, OHA is excusing two others with unreasonable cost growth. Moda Health's Medicare Advantage insurance plans don't need to submit an improvement plan because they are no longer offered. OHA is also excusing The Corvallis Clinic this year so it can focus on holding its parent company, Optum, accountable in future measurement periods.

### **Acceptable Reasons for Cost Growth, 2022-2023**

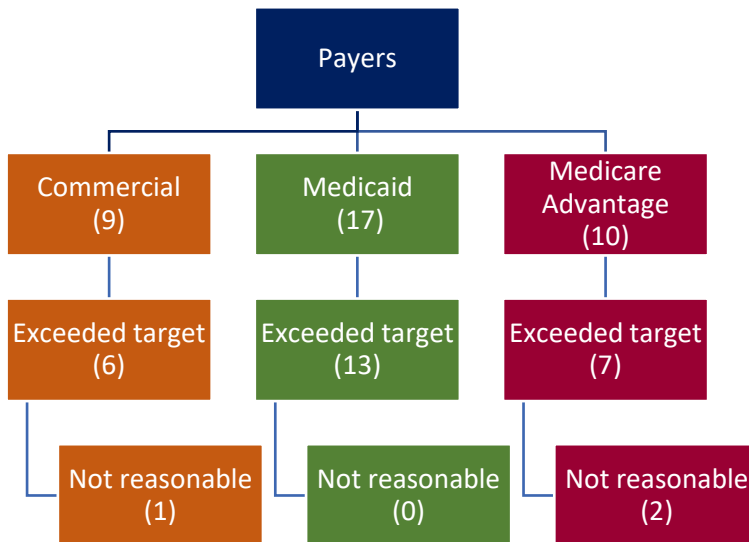
Examples of reasons that were determined acceptable for exceeding the cost growth target in this measurement period included:

- Increased behavioral health spending in Medicaid, due to OHA directing CCOs to make significant unit cost increases across a broad array of behavioral health services. The increased reimbursement levels led to higher utilization of behavioral health services in Medicaid, as well as other markets.
- Increased hospital spending in Medicaid, due to temporary enhanced DRG hospital reimbursement rates.
- High drug costs across all markets, both retail and medical pharmacy, including high cost cancer drugs and GLP-1s.
- Patients with more than \$1 million in annual health care costs.
- Sustained increases in utilization as people returned to seeking care after COVID related delays.
- Longer inpatient stays because hospitals were unable to discharge patients to other facilities.
- Frontline workforce compensation.

## Payers

Average cost growth across all payers in the 2022-2023 measurement period was 6.2%.

Of all payers included for this measurement period, 26 exceeded the target (seven Medicare Advantage payers, five Commercial, and 13 Medicaid). OHA determined cost growth was not reasonable for three payers.



Note cost growth rates in this section may differ for some payers from data published in June 2025. The reasonableness process resulted in identification of additional corrections needed the cost growth target data that changed cost growth rates for payers.

## Commercial

Average cost growth for commercial payers was 6.1%. Six exceeded the target.

Payer	2022-2023 Cost Growth	Determination
Cigna	9.1%	Reasonable
Moda	5.9%	Reasonable
PacificSource	7.3%	Not Reasonable
Providence	7.1%	Reasonable
Regence	4.6%	Reasonable
UHC Company	5.5%	Reasonable

## Medicare Advantage

Average cost growth for Medicare Advantage payers was 6.7%. Seven exceeded the target.

Payer	2022-2023 Cost Growth	Determination
Aetna	7.8%	Reasonable
Health Net Co.	6.3%	Reasonable
Moda	15.4%	Not Reasonable
PacificSource	7.4%	Reasonable
Providence	5.4%	Reasonable
Regence	8.4%	Reasonable
UHC Company	6.3%	Not Reasonable

## Medicaid

Average cost growth for Medicaid payers was 6.0%.  
Thirteen exceeded the target.

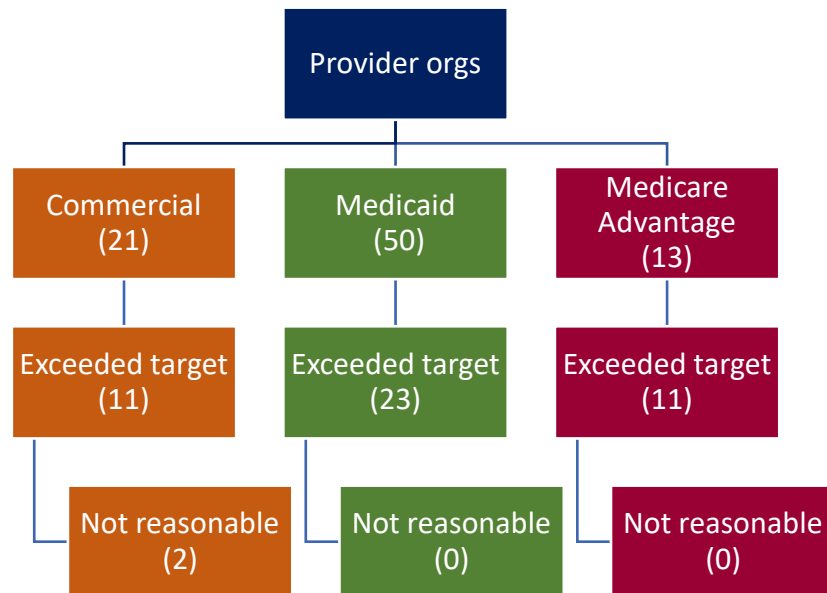
Payer	2022-2023 Cost Growth	Determination
AllCare CCO	8.7%	Reasonable
Cascade Health	3.8%	Reasonable
CPC-CareOregon	17.4%	Reasonable
Health Share	5.0%	Reasonable
IHN-Samaritan	6.7%	Reasonable
Jackson CCO – CareOregon	13.8%	Reasonable
Medicaid FFS	5.0%	Reasonable
PacificSource – Central OR	6.5%	Reasonable
PacificSource -Lane	5.9%	Reasonable
PacificSource – Marion Polk	5.5%	Reasonable
Trillium CCO – Southwest	8.6%	Reasonable
Umpqua CCO	11.2%	Reasonable
Yamhill Community Care	8.4%	Reasonable



## Provider Organizations

Fifty-three provider organizations were included in cost growth target reporting for the 2022-2023 measurement period.

Of all provider organizations, 11 exceeded the target in the Commercial market, 11 in the Medicare Advantage market, and 23 in the Medicaid market. OHA determined cost growth was not reasonable for two Commercial provider organizations.



## Commercial

Average cost growth for commercial provider organizations was 6.3%. Eleven exceeded the target.

Provider Org	2022-2023 Cost Growth	Determination
Asante	9.0%	Reasonable
COPA	12.4%	Reasonable
NW Primary Care	16.5%	Reasonable
PeaceHealth	6.2%	Reasonable
Praxis Health	6.4%	Reasonable
Providence	7.2%	Reasonable
Salem Health	9.0%	Reasonable
Samaritan Health	11.1%	Reasonable
St. Charles	26.3%	Not Reasonable
Summit Health	13.5%	Reasonable
The Corvallis Clinic	8.7%	Not Reasonable

### Medicare Advantage

Average cost growth for Medicare Advantage provider organizations was 5.4%. Eleven exceeded the target.

Provider Org	2022-2023 Cost Growth	Determination
Asante	9.3%	Reasonable
Legacy Health	9.4%	Reasonable
OHSU	10.3%	Reasonable
Oregon Medical Group	8.7%	Reasonable
PeaceHealth	7.2%	Reasonable
Praxis Health	10.7%	Reasonable
Providence	4.9%	Reasonable
Salem Clinic	7.2%	Reasonable
Samaritan Health	5.4%	Reasonable
The Corvallis Clinic	5.7%	Reasonable
The Portland Clinic	8.3%	Reasonable

## Medicaid

Average cost growth for Medicaid provider organizations was 4.5%. Twenty-two exceeded the target.

Provider Org	2022-2023 Cost Growth	Determination
Adventist Health	14.9%	Reasonable
Asante	14.5%	Reasonable
Aviva Health	9.0%	Reasonable
Benton Co Health Dept	6.8%	Reasonable
CHAOS	20.7%	Reasonable
COPA	9.1%	Reasonable
Evergreen Family Medicine	9.4%	Reasonable
Grants Pass Clinic	11.6%	Reasonable
Hillsboro Pediatrics	11.0%	Reasonable
La Clinica	6.4%	Reasonable
Mosaic Community Health	6.0%	Reasonable
NW Human Services	9.0%	Reasonable
NW Medical Homes	6.0%	Reasonable
OHSU	11.9%	Reasonable
Physicians Medical Center	9.0%	Reasonable
Providence	11.0%	Reasonable
Rogue Community Health	10.1%	Reasonable
Salem Health	6.9%	Reasonable
Salem Pediatrics	18.1%	Reasonable
Samaritan Health	6.7%	Reasonable
Santiam Memorial Hospital	10.4%	Reasonable
Summit Health	6.5%	Reasonable
WFMC Health	5.7%	Reasonable

## Accountability

While payers and provider organizations have flexibility in determining how best to meet the cost growth target, OHA is committed to holding these entities accountable and working collaboratively with them to put Oregon on a path toward affordable health care.

### Performance Improvement Plans

This is the first measurement period where OHA may determine that a payer or provider organization that exceeded the cost growth target without an acceptable reason must prepare a performance improvement plan (PIP).

Per Oregon Administrative Rule [409-065-0040](#), OHA has discretion to waive the requirement for a payer or provider organization to complete or undertake a PIP.

For the 2022-2023 measurement period, OHA found that three payers and two provider organizations did not have an acceptable reason for their excess cost growth. OHA is waiving the PIP requirement for two of these entities, due to market circumstances<sup>1</sup>.

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<sup>1</sup> Moda Health Plan's PIP (Medicare Advantage, 2022-23) market was waived as they are exiting the market. The Corvallis Clinic's PIP (Commercial, 2022-23) was waived as OHA will include Optum

Entities have 90 days from date of notification to prepare and submit a PIP to OHA for approval.

Approved PIPs, progress reports and other related documentation will be posted [online](#).

Performance Improvement Plans resulting from 2022-2023 Cost Growth Target Measurement Period

Entity	Market	PIP Required?
Moda	Medicare Advantage	Waived
PacificSource	Commercial	Yes
St. Charles	Commercial	Yes
The Corvallis Clinic	Commercial	Waived
UHC Company	Medicare Advantage	Yes

### Financial Penalties

Should entities consistently fail to meet the cost growth target without acceptable reason, they will face financial consequences. Entities that exceed the target without an acceptable reason in three out of five years will be subject to a financial penalty.

Per regulation, the first measurement period that counts toward the five-year period is 2021-2022. The 2022-2023 measurement period is the second to

(parent organization) in future years as a reporting and accountable entity.

count towards the three out of five years toward a financial penalty. OHA may begin assessing financial penalties in 2026, if any entities have exceeded the target for three years without acceptable reason.

## OHA's Commitment to Affordability

As part of OHA's 2024-2027 [strategic plan](#) and goal to eliminate health inequities by 2030, the agency is focusing on ensuring 100% of people in Oregon have easy access to affordable healthcare, prioritizing communities most harmed by health inequities.



With the shared goal of a cost growth target to guide us, we can make health care more affordable across Oregon.

## About

The Sustainable Health Care Cost Growth Target Program within the Oregon Health Authority (OHA) was established by the Oregon Legislature through [Senate Bill 889](#) (2019 Laws) and [House Bill 2081](#) (2021 Laws).

You can learn more about OHA's "determining reasonableness" process by reading the [Cost Growth Target Program's Sub-regulatory Guidance](#) (CGT-7) and the [Final Rules](#).

Visit the [Sustainable Health Care Cost Growth Target Program website](#) for more information and contact [HealthCare.CostTarget@oha.oregon.gov](mailto:HealthCare.CostTarget@oha.oregon.gov) with any questions.