

STATE OF OREGON
Oregon Health Authority
HEALTH POLICY & ANALYTICS DIVISION
SUSTAINABLE HEALTH CARE COST GROWTH TARGET PROGRAM

In the Matter of:) Agency No. CGT-2024-PROV-16
St. Charles Health System, Inc.) St. Charles' Petition for Reconsideration
For the Cost Growth Target)
measurement period: 2022-2023)

Request for Reconsideration

St. Charles Health System, Inc, hereby requests the Oregon Health Authority (“the agency”) reconsider its proposed determination that St. Charles’ “health care cost growth for the Commercial market from 2022-2023 was not due to acceptable reason(s).” OAR 409-065-0050(1). Reconsideration is sought because:

1. the agency applied the terms “costs,” “expenditures,” and “spending” as if they were the same thing, and they are not,
2. the agency incorrectly applied a “not due to acceptable reasons” standard rather than a “reasonable cause” standard as required by statute,
3. the agency failed to consider the impact that factors occurring outside the 2022 – 2023 timeframe had on St. Charles’ cost growth from 2022 to 2023,
4. the agency failed to consider that reimbursement levels were set through arms-length rate negotiations between St. Charles and the insurance companies,
5. the agency’s proposed determination penalizes St. Charles for employing prudent business practices designed to keep its doors open so that it can continue to provide high-quality health care services to the rural population it serves, regardless of whether its patients have insurance or are otherwise able to pay, and
6. the agency based its proposed determination on market share information that was not in the record and that it did not disclose to St. Charles during the cost growth determination process.

Oregon's health care Cost Growth Target (CGT) Program was legislatively established in 2019. 2019 Or Laws c. 560. The preamble to the 2019 Act sets forth a number of underlying principles including the need to enhance transparency and accountability in

health care costs, to recognize that healthcare spending has historically outpaced inflation and that such spending should drive greater access to high quality care at lower cost. The CGT Program's fundamental mandate is to "establish a health care cost growth target for increases in total health expenditures," ORS 442.386(2), and to hold providers such as St. Charles accountable for exceeding the target "without reasonable cause," ORS 442.386(9). To carry out its legislative mandate, the CGT Program collects aggregated data from insurance companies "to measure what people and organizations in Oregon **spend on health care.**" See OHA News Release, "*Seeking health care affordability, OHA finds five organizations didn't meet acceptable cost growth standards in 2023,*" November 17, 2025 (emphasis added).

OHA's proposed determination that the increase in spending attributed to St. Charles was "not due to acceptable reason(s)" is based on aggregated data supplied by insurance companies that may or may not be related to payments made for treatment provided to patients at St. Charles and is incorrect. To the extent that the aggregated data attributed to St. Charles actually relates to St. Charles, OHA's proposed determination confuses what insurance companies "**spend on health care**" with what it "**costs**" St. Charles to provide that care. The payments that St. Charles receives for the care it provides varies from patient to patient for many reasons. St. Charles' overall financial health is critical to its ability to carry out its obligation to provide care for all patients, even those who have no insurance or other means to pay for that care. What insurers pay for health care is not the same as what that care costs. The agency's "cost" growth target measures spending. It does not measure cost.

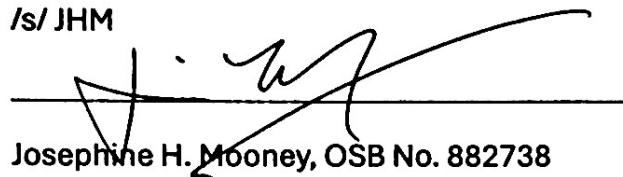
The proposed determination that St. Charles exceeded the "cost" target for "unacceptable reasons" and the agency's judgment that St. Charles should be held "accountable for [that] cost growth" is without merit. The record does not reflect what "unacceptable" reasons the agency attributes to St. Charles. In response to a media inquiry, the agency publicly asserted that "St. Charles' dominance in the region plays a major role in driving up prices." See "*Oregon flags 3 health insurers, a hospital group and a clinic for unexplained surge in costs,*" The Oregonian, November 19, 2025. But that factual assertion is not supported by the record, and it reflects a perspective about St. Charles on the part of the agency that was not shared with St. Charles during the cost growth validation process. It minimizes the complex operational and financial dynamics of running a nonprofit health system in a geographic region where St. Charles has repeatedly increased its scope of services in direct response to community requests and need. It is also difficult to reconcile the agency's public identification of regional dominance as an unacceptable driver of healthcare cost with the agency's recent approval of a material transaction in which it allowed St. Charles to acquire the assets and hire the employees of a regional orthopedic practice. The lack of transparency regarding the basis for the agency's proposed

determination is inconsistent with the objectives of the statute and contrary to other actions approved by the agency.

The record does, in fact, support the reasonableness of the spending increase agreed to by insurers in 2023. As a nonprofit health system that negotiates payment rates with for-profit insurance companies and governmental agencies alike, St. Charles strives to balance costs and reimbursement in a way that allows it to continue to provide high quality care to all Central Oregonians, regardless of their ability to pay. St. Charles respectfully seeks reconsideration of the agency's reasonableness determination, at a minimum, to permit it to address the agency's undisclosed market share theory and apparent basis for its determination.

RESPECTFULLY SUBMITTED this 3rd day of December 2025.

/s/ JHM

A handwritten signature in black ink, appearing to read "JHM", is written over a horizontal line. The line starts below the "J" and ends above the "M".

Josephine H. Mooney, OSB No. 882738