



St. Charles Health System, Inc.
2500 NE Neff Rd.
Bend, Oregon 97703

November 20, 2025

Via Email and Certified U.S. Mail

HealthCare.CostTarget@oha.oregon.gov

Oregon Health Authority
421 SW Oak Street, Suite 875
Attn: Cost Growth Target Program
Portland, OR 97204

RE: St. Charles' Request for Contested Case Hearing & Informal Conference
Agency No.: CGT-2024-PROV-16

To Whom it May Concern,

Enclosed please find St. Charles' Request for Contested Case Hearing & Informal Conference.

Sincerely,

A handwritten signature in blue ink, appearing to read "Anna Claypool", is written over a light blue circular stamp.

Anna Claypool
St. Charles Health System, Inc.

Encl: St. Charles' Request for Contested Case Hearing & Informal Conference

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' Request for Contested
For the Cost Growth Target)	Case Hearing & Informal Conference
measurement period: 2022-2023)	
)	

Request for Contested Case Hearing & Informal Conference

St. Charles Health System, Inc, (St. Charles) hereby requests:

1. **A contested case hearing**, OAR 409-065-0050(4), on the Oregon Health Authority's ("the agency") proposed determination that St. Charles' "health care cost growth for the Commercial market from 2022-2023 was not due to acceptable reason(s)." Notice of Proposed Determination and Right to Request a Hearing, p. 4. A contested case hearing is sought because:
 - a. The agency applied the terms "costs," "expenditures," and "spending" as if they were the same thing, and they are not,
 - b. the agency incorrectly applied a "not due to acceptable reasons" standard rather than a "reasonable cause" standard as required by statute, ORS 442.386,
 - c. 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,
 - d. the agency failed to consider that reimbursement levels were set through arms-length rate negotiations between St. Charles and the insurance companies,

- e. 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
 - f. the agency's "Notice of Right to Request a hearing" is deficient under OAR 137-003-0001(1).
2. An **informal conference** with the agency. OAR 409-065-0050(5).
 3. St. Charles will also seek **reconsideration** of the agency's reasonableness determination. OAR 409-065-0050(1). That request will be filed separately within the time allowed by law.

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, but not limited to, 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 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 incorrect. 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

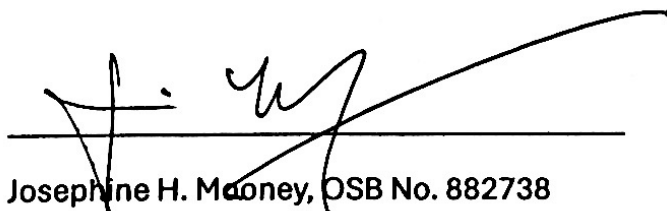
to carry out its obligation to provide care for all patients, even those who have no insurance or other means to pay for that care. What insurers pay for health care is not the same as what that care costs. The agency's "cost" growth target measures spending. It does not measure cost. The proposed determination 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 misdirected and without merit. The record does not reflect what "unacceptable" reasons the agency attributes to St. Charles, and it does not support the agency's public assertion 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. That unsupported factual assertion minimizes the complex operational and financial dynamics of running a nonprofit hospital system in a geographic region where St. Charles has repeatedly stepped up the services it provides in direct response to community need.

The record does, in fact, support the reasonableness of the spending increase experienced – and agreed to – by some insurers in 2023.

At the conclusion of the hearing, St. Charles will ask the administrative law judge to issue an order that concludes that the increase in insurance payments for health care services delivered at St. Charles from 2022 to 2023 was reasonable in light of the costs of providing that care.

The undersigned certifies that on this 20th day of November 2025, a copy of St. Charles' Request for Contested Case Hearing & Informal Conference was sent via email to HealthCare.CostTarget@oha.oregon.gov and via U.S. certified mail to 421 SW Oak Street, Suite 875, Attn: Cost Growth Target Program, Portland, OR 97204.

RESPECTFULLY SUBMITTED this 20th day of November 2025.



Josephine H. Mooney, OSB No. 882738