

Dr. Sejal Hathi, Director  
Oregon Health Authority

RE: Cost Growth Target Workgroup

Via email to [sejal.hathi@oha.oregon.gov](mailto:sejal.hathi@oha.oregon.gov)

Dr. Hathi,

I appreciated the opportunity to serve on the Cost Growth Target workgroup, which concluded its deliberations with a clear and decisive recommendation. Under Sarah Bartelmann's leadership, the process was inclusive and rigorous, resulting in a clear majority of members endorsing a balanced methodology that includes a reasonable lookback period.

I strongly urge you to adopt this recommendation without delay. It is the only approach that meaningfully accounts for utilization, rising acuity, and other cost drivers beyond the control of individual providers, while still maintaining significant weighting to address consumer concerns about affordability.

Since the inception of the cost growth target, Salem Health has consistently supported a realistic approach. Incorporating healthcare input costs by focusing on historic actuals, as well as factoring in acuity and utilization trends, was central to the workgroup's discussion, as was the issue of health equity. To advance health equity, it is critical that providers caring for complex or very ill patients are not penalized for doing so. We also examined cost-shifting to commercial patients, even as the proportion of commercially insured patients declines - a dynamic driven by government underpayments and deeply frustrating for providers.

The workgroup's narrow scope left critical issues unresolved. Participants called for a broader discussion that was simply not part of the workgroup's scope. Such a conversation should include a discussion of:

- The size of penalties adopted in administrative rule, which are large enough to push an accountable practice into bankruptcy
- The lack of common actuarial methodology applied to the cost growth data (e.g., risk adjusting the assigned population)
- The lack of specific data to allow providers to reconcile the patients we are held accountable for with our own panels (note that payers will not share this data)

When you first addressed the Hospital Leadership Conference in 2024, your candid assessment of the challenges ahead and commitment to working in partnership earned widespread respect. Salem Health Hospitals and Clinics remains committed to working with you toward practical solutions. Adopting the workgroup's recommendation is a necessary step forward—and a clear signal that OHA values collaboration and evidence-based policy.

Sincerely,



James Parr

Executive Vice President of Operations & Chief Financial Officer

cc: Sarah Bartelmann