

**Sustainable Health Care Cost Growth Target Implementation Committee  
Charter  
December 12, 2019**

**Final Approved**

**I. Problem Statement**

Health care costs are rising and are continuing to take up a larger proportion of state, employer and family budgets. Since 2000, Oregon employer-sponsored insurance premiums have grown three times faster than personal income,<sup>1</sup> and premiums equate to nearly one third of average family household income in Oregon.<sup>2</sup> Oregonians' deductibles are the third highest in the nation, and average annual family deductibles have increased 77% since 2010.<sup>3</sup>

Not all health care costs are warranted. Approximately 25% of total health care spending is spent on poor care delivery and coordination, unnecessary treatments or low-value care, high prices, fraudulent or abusive charges and administrative waste.<sup>4</sup>

In addition, health care prices are high, especially among providers with negotiating leverage. This leads to a wide variation in what payers are spending for the same services at different providers. For example, in 2016 there was over a \$6,000 difference in median prices paid to the lowest-priced hospital compared to the highest-priced hospital for a normal delivery.<sup>5</sup> Similarly, payers paid more than four times the median price for a colonoscopy at the lowest paid hospital compared to the highest.<sup>6</sup> This variation in pricing is unjustifiable and leads to higher costs for all Oregonians.

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<sup>1</sup> Medical Expenditure Panel Survey-Insurance Component and the Bureau of Economic Analysis.

<sup>2</sup> "The Burden of Health Care Costs for Working Families: A State-Level Analysis" University of Pennsylvania Leonard Davis Institute of Health Economics. April 2019.

<sup>3</sup> Ibid.

<sup>4</sup> Shrank et al. "Waste in the US Health Care System: Estimated Costs and Potential for Savings" *JAMA* 2019;322(15):1501-1509.

<sup>5</sup> Oregon Hospital Payment Report: Pregnancy Related Procedures, 2016. July 1, 2018.

[www.oregon.gov/oha/HPA/ANALYTICS/HospitalReporting/2016%20Hospital%20Payment%20Report%20-%20Pregnancy.pdf](http://www.oregon.gov/oha/HPA/ANALYTICS/HospitalReporting/2016%20Hospital%20Payment%20Report%20-%20Pregnancy.pdf)

<sup>6</sup> Oregon Hospital Payment Report: Outpatient Surgeries, 2016. July 1, 2018.

[www.oregon.gov/oha/HPA/ANALYTICS/HospitalReporting/2016%20Hospital%20Payment%20Report%20-%20Outpatient.pdf](http://www.oregon.gov/oha/HPA/ANALYTICS/HospitalReporting/2016%20Hospital%20Payment%20Report%20-%20Outpatient.pdf)

## **II. Vision and Mission**

### **A. Vision**

To lower the growth of health care spending in Oregon to a financially sustainable rate.

### **B. Mission**

To a) establish a cost growth target methodology based on sound principles, measuring as much total statewide health care spending as is practical, and b) develop a fair and appropriate strategy for transparently reporting the performance of Oregon's health care payers and providers relative to the cost growth target and other key performance measures.

## **III. Sustainable Health Care Cost Growth Target**

A sustainable health care cost growth target is a target for the annual rate of growth of total health care spending in the state. By setting a target and then publicly reporting payer and provider performance relative to the target, Oregon will have the ability to:

1. *Hold payers and providers publicly responsible for reducing the costs of health care.* Publicizing the performance of payers and providers is a significant motivator to improve performance. Transparently reporting performance relative to the target gives payers, providers, the state, and consumers the ability to better understand who bears responsibility for increased costs.
2. *Understand the various causes of health care cost growth and develop future policies targeted at those causes.* It is not sufficient to simply report whether payers and providers have met the target. Further analysis conducted to understand the reasons for health care cost growth, including the variation in provider pricing, is necessary to identify future state policy actions, provider actions and payer actions to reduce the overall rate of growth.

If implemented, Oregon will be the fourth state to pursue this strategy as a means for reducing health care cost growth and increasing transparency of costs. In Massachusetts, the first state to implement a statewide health care cost growth target, spending has, on average, stayed below the target since implemented. Since implementation it has also reduced the growth in spending on private health insurance to be consistently below national rates. The two other states, Rhode Island and Delaware, have calendar year 2019 as their first measurement period.

## **IV. Implementation Committee Charge**

The Sustainable Health Care Cost Growth Target Implementation Committee (Committee) is established under the direction of the Oregon Health Policy Board and is to design the implementation plan for the Sustainable Health Care Cost Growth Target

program. There are five areas of activity the Implementation Committee will deliberate on as it makes recommendations to define the program. These five “work streams” cover the 14 different tasks outlined in SB 889 and Governor Brown’s directive.<sup>7</sup>

1. Cost Growth Target: These activities relate to the development and establishment of a cost growth target, including the methodology to measure performance, including governance of the cost growth target.
2. Quality and Equity: Activities under this area of work will focus on the measurement of quality of care with a strong focus on measuring inequities and disparities in health care.
3. Data Use Strategy: These activities relate to using the state’s All-Payer, All-Claims (APAC) data and other data sources, including state, payer and provider data to understand cost and cost drivers relative to the cost growth target, and quality measurement.
4. Transparency and Accountability: These activities relate to transparently sharing the results of the first three work streams: (1) Cost Growth Target, (2) Quality and Equity, and (3) Data Use Strategy activities. It also includes work related to establishing mechanisms of accountability.
5. Taking Action: These activities related to the strategies required to lower the growth in health care costs by payers, providers and the State. It also includes the identification of the type and funding for technical assistance, and identifying supporting APM models for all payers.

## **V. Committee Duties and Responsibilities**

### **1. Membership and Term**

Committee members are appointed by the Governor. Additional members include the Directors of the Oregon Health Authority and the Director of the Department of Consumer and Business Services, or their designee. Also included are an expert in health care financing and administration, an expert in health economics and at least one insurance broker.

Vacancies for any cause will be filled by an appointment of the Governor, which will be immediately effective.

The Committee will convene beginning November 2019 and will present its report to the Oregon Health Policy Board and interim committees of the Legislative Assembly related to health no later than September 15, 2020. Unless so requested by the Governor, Legislature or Oregon Health Policy Board and agreed to the by Committee, the Committee’s responsibilities will conclude at that time.

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<sup>7</sup> Oregon State Legislature, SB 889. Relating to containing the cost of health care; and declaring an emergency. <https://olis.leg.state.or.us/liz/2019R1/Measures/Overview/SB889>

## **2. Committee Member Responsibilities**

Members of the Committee agree to fulfill their responsibilities through attending and participating in Committee meetings, studying the available information, and participating in the development of a report. Members agree to participate in good faith and to act in the best interests of the Committee and its charge. To this end, members agree to place the interests of the State above any particular political or organizational affiliations or other interests. Members accept the responsibility to collaborate in developing potential recommendations that are fair and constructive for the State. Members are expected to consider a range of issues and options to address them, discuss the pros and cons of the issues/options presented and deliver a set of report with key conclusions reflecting the “sense of the group.” For all recommendations adopted, the Committee should include the rationale behind them. Committee members acknowledge that their role is to provide advice and frame policy choices and that final decisions on Committee recommendations, if any, rest with the Oregon Health Policy Board and to the interim committees of the Legislative Assembly related to health. Specific Committee member responsibilities include:

- Review background materials and analysis to understand the issues to be addressed in the review process;
- Work collaboratively with one another to explore issues and develop recommendations;
- Attend Committee meetings, including presentation of the Committee report to Legislative Committees if possible; and
- Consider and integrate general public input into Committee recommendations as appropriate.

## **3. Role of the Oregon Health Authority and Department of Consumer and Business Services (DCBS)**

OHA and DCBS shall assist the Implementation Committee by furnishing information and advising the members.

## **4. Role of the Chair and Vice Chair**

The Governor appointed Chair and Vice Chair will encourage full and safe participation by members in all aspects of the process, assist in the process of building consensus, and ensure all participants abide by the expectations for the decision-making process and behavior defined herein. The Chair and Vice Chair will work with OHA to develop meeting agendas, establish subcommittees if needed, and otherwise ensure an efficient decision-making process. The Chair and Vice Chair will serve, with OHA, as key spokespeople for the Committee to the Legislature and other key stakeholders.

## **VI. Committee Principles**

The principles, listed below, are to guide the decision-making during the development and adoption of recommendations by the Committee. The principles can be revised if proposed by the chairperson or by majority of voting members. The Committee's recommendations will:

- a) support the establishment of a cost growth target by January 1, 2021;
- b) to the extent practical, be inclusive of all populations and all categories of spending;
- c) recommend a stable target upon which payers, providers, and policymakers can rely for several years at a time;
- d) develop target and reporting methods that are statistically robust;
- e) be sensitive to the impact that high health care spending growth has on Oregonians;
- f) align recommendations with other state health reform initiatives to lower the rate of growth of health care costs;
- g) promote collaboration across payers and providers, and encourage collective action to meet the cost growth target;
- h) be mindful of state financial and staff resources required to implement recommendations, and
- i) focus on the charges delegated to the Committee by SB 889 and the Governor, and avoid topics and recommendations that are beyond the Committee's assignment.

## **VII. Operating Procedures**

### **A. Protocols**

All participants agree to act in good faith in all aspects of the Committee's deliberations. This includes being honest and refraining from undertaking any actions that will undermine or threaten the deliberative process. It also includes behavior outside of meetings. Expectations include:

- Members should try to attend all meetings, and attend in person whenever possible. If members cannot attend a meeting, they are requested to advise OHA staff. After missing a meeting, the member should contact staff for a briefing, and review presentation and meeting summaries.
- Members agree to be respectful at all time of other Committee members, staff, and audience members. They will listen to each other to seek to understand the other's perspectives, even if they disagree.
- Members agree to make every effort to bring all aspects of their concerns about these issues into this process to be addressed.
- Members agree to refrain from personal attacks, intentionally undermining the process, and publicly criticizing or mis-stating the positions taken by any other participants during the process.

- Any written communications, including emails, blog and other social networking media, will be mindful of these procedural ground rules and will maintain a respectful tone even if highlighting different perspectives.
- Members are advised that email, blogs and other social networking media may be considered public documents. Emails and social networking messages meant for the entire group will be distributed via a Committee facilitator.
- Requests for information made outside of meetings will be directed to OHA staff. Responses to such requests will be limited to items that can be provided within a reasonable amount of time.

OHA agrees to act in good faith in all aspects of the Committee’s deliberations, by supporting the Committee to develop recommendations based on work which occurs during the Committee meetings. OHA will support the Committee, along with the co-chairs, by setting meeting agendas, facilitating meetings, and preparing content for consideration in such a way that will allow the Committee members to make informed decisions. OHA and staff supporting the Committee will provide the Committee with well-informed policy options for their review and discussion. OHA and staff will not preclude members from introducing alternative policy options related to the topic at hand. OHA will document any decisions made by the Committee and seek Committee approval on meeting summaries and other work products.

## **B. Communications**

### **1. Written Communications**

Members agree that transparency is essential to the Committee’s deliberations. In that regard, members are requested to include both the Chairperson, Vice Chair and Committee staff in written communications commenting on the Committee’s deliberations from/to interest groups (other than a group specifically represented by a member); these communications will be included in the public record as detailed below and copied to the full Committee as appropriate. Committee members should take care to not “reply all” to emails sent to them by the Chair or Committee staff.

Written comments to the Committee, from both individual Committee members and from agency representatives and the public, should be directed to OHA staff. Written comments will be distributed by OHA staff to the full Committee in conjunction with distribution of meeting materials or at other times at the Chair discretion. Written comments related to recommendations of the Committee will be posted to the Committee web page.

### **2. Media**

While not precluded from communicating with the media, Committee members agree to generally defer to the Chair, Vice Chair or OHA staff for all media communications related to the Committee process and its recommendations. Committee members agree not to negotiate through the media, or use the media to undermine the work of the Committee.

Committee members agree to raise all of their concerns, especially those being raised for the first time, at a Committee meeting and not in or through the media.

## **C. Operating Procedures**

### **1. Committee Meetings**

The Committee will meet at times and places proposed by OHA staff, the Chair or by a majority of voting members.

In addition to authority granted to the Chair and Vice Chairs, work groups or other advisory processes may be established by approval of a majority of Committee voting members. Meetings of these groups will be conducted in accordance with these operating procedures.

A majority of voting members constitutes a quorum for the transaction of Committee business. A Committee member may participate by telephone for purposes of a quorum.

Meetings will be conducted in a manner deemed appropriate by the Chairperson to foster collaborative decision-making and consensus building. Robert's Rules of Order will be applied when deemed appropriate.

### **2. Consensus Process/Voting**

A consensus decision-making model will be used to facilitate the Committee's deliberations and to ensure that the Committee receives the collective benefit of the individual views, experience, background, training and expertise of its members. Consensus is a participatory process whereby, on matters of substance, the representatives strive for agreements that they can accept, support, live with, or agree not to oppose.

Members agree that consensus has a high value and that the Committee should strive to achieve it. As such, decisions on Committee recommendations will be made by consensus of all present members unless voting is requested by a Committee member. Voting shall be by roll call. Final action on Committee recommendations requires an affirmative vote of the majority of the Committee members. A Committee member may vote by telephone.

If no consensus is reached on an issue for proposed Committee recommendation, minority positions will be documented. Those with minority opinions are responsible for proposing alternative solutions or approaches to resolve differences.

Members will honor decisions made and avoid re-opening issues once resolved.

### **3. Documentation**

All meetings of the Committee shall be recorded and written summaries prepared. The audio records shall be indexed and shall be posted on the Committee's website. Meeting agendas, summaries and supporting materials will also be posted to the Committee web page.

Interested parties may receive notice of the Committee meetings and access Committee materials through eSubscribe.

At the end of the process, OHA staff will draft the implementation plan recommendations for which there is consensus and any remaining issues on which consensus was not reached.

#### **D. Public Status of Committee Meetings and Records**

Committee meetings are open to the public and will be conducted under the provisions of Oregon Public Meetings Law (ORS 192.610-690). Members of the public and legislators may testify before the Committee upon the invitation of the Chairperson or at the invitation of the majority of the members of the Committee. In the absence of a quorum, a Committee may still receive public testimony.

Any meeting held outside the Capitol shall adhere to the same notice provisions of a regular meeting. Recordings should be made in the same manner as a regular meeting unless recording equipment is not available. At a minimum, written summaries will be prepared noting attendance and any subject matter discussed.

Committee records, including formal documents, discussion drafts, meeting summaries and exhibits, are public records. Communications of Committee members are not confidential because the meetings and records of the Committee are open to the public. "Communications" refers to all statements and votes made during the Committee meetings, memoranda, work products, records, documents or materials developed to fulfill the charge, including electronic mail correspondence. The personal, private notes of individual Committee members might be considered to be public to the extent they "related to the conduct of the public's business," (ORS 192.410(4)).

#### **E. Amendment of Operating Procedures**

These procedures may be changed by an affirmative vote of the majority of the members of the Committee, but at least one day's notice of any proposed change shall be given in writing to each member of the Committee.