

Cost Growth Target Accountability, 2021-2022

Addendum to 2024 Annual Report Sustainable Health Care Cost Growth Target Program

January 2025

HEALTH CARE
COST GROWTH
TARGET 



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Introduction

Oregonians are paying more and more for their health care, with costs climbing at an unsustainable rate that outpaces both inflation and wages. This makes health care 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 [2024 Cost Growth Target Report](#) and identifies whether health insurance plans and provider organizations that exceeded the cost growth target between 2021 and 2022 did so for acceptable reasons.

83% of [Oregon adults report](#) worrying about affording health care in the future.

76% experienced at least one health care affordability burden in the past year.

74% report delaying or going without health care due to cost in the last year.

About the Cost Growth Target Program

Each year, Oregon’s Sustainable Health Care Cost Growth Target Program measures, analyzes, and publicly reports on total health care spending and spending growth statewide.

The program’s reports and public hearings engage a variety of policymakers, health system partners, and others in collective efforts to control rising health care costs.

Visit the [Cost Growth Target website](#) for more information.

Background

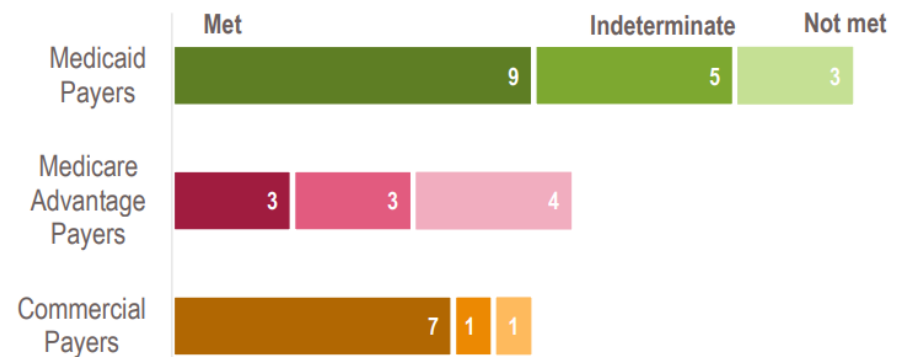
The Oregon Health Authority collects data annually from health insurance plans (payers) and other sources to measure statewide health spending and assess whether Oregon’s health care industry has met the cost growth target for that year. OHA publishes this information in an [annual report](#).

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.

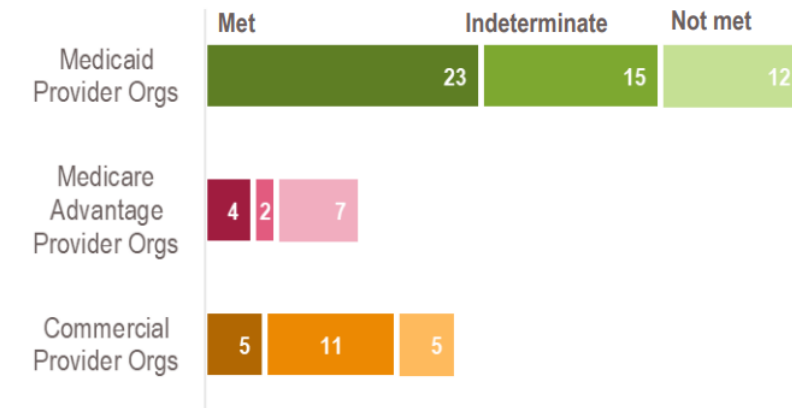
In future years, payers and provider organizations with cost growth above the target (determined with statistical certainty) and found without an acceptable reason will be subject to performance improvement plans (PIPs) and financial penalties.

Before any entities can be held accountable for excess annual cost growth, OHA must determine whether payers and provider organizations have an acceptable reason for exceeding the cost growth target. This is the “determining reasonableness” process.

Number of payers who met the cost growth target, were indeterminate, or did not meet the target, 2021-2022



Number of provider organizations who met the cost growth target, were indeterminate, or did not meet the target, 2021-2022



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

The above charts are from OHA’s 2024 Annual Report, released May 2024.

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](#).

Acceptable Reasons for Cost Growth

Below is 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](#).

- 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

Determining Reasonableness for 2021-2022

For the first time in 2024, OHA conducted its process to determine reasonableness for cost growth between 2021 and 2022. The timeline below highlights the key steps leading to this first determination.

2021

May: Legislature passed HB 2081, codifying cost growth target accountability measures (PIPs and financial penalties).

2023

January: The advisory committee delayed implementing PIPs by one year. In July, the committee recommended delaying rulemaking to give them more time to provide input on accountability measures.

May: First public report identifying payer and provider organization cost growth relative to the target published.

June: Legislature passed HB 2045, adding frontline worker costs as an acceptable reason for cost growth.

2024

January - June: OHA conducted administrative rulemaking to codify accountability measures and the reasonableness process.

July: OHA notified payers and provider organizations they had exceeded the cost growth target and needed to participate in the reasonableness process for cost growth between 2021 and 2022.

Findings

On a per-person per-year basis, statewide total health care expenditures grew 3.6% between 2021 and 2022, slightly above the cost growth target of 3.4%.

For this measurement period, a total of 30 payers and 52 provider organizations were accountable to the cost growth target for at least one market (commercial, Medicare Advantage, Medicaid). Since some entities were accountable to the cost growth target in more than one market, a total of 118 payer and provider organization comparisons to the target were made.

Twenty-eight payers and provider organizations were identified as exceeding the target in a specific market with statistical confidence. Cost growth for all payers and provider organizations is detailed in Chapters III and IV of the [2024 Annual Report](#).

Between July 2024 and January 2025, OHA worked closely with these 28 entities to understand the reasons behind their cost growth, including reviewing additional information provided by those entities.

OHA determined that 25 entities exceeded the cost growth target for reasons that were acceptable, while 2 payers and 1 provider organization did not.

Pages 6-8 detail each entity that exceeded the cost growth target and their determination for the 2021-2022 measurement period. The individual determinations are posted [online](#).

Acceptable Reasons for Cost Growth, 2021-2022

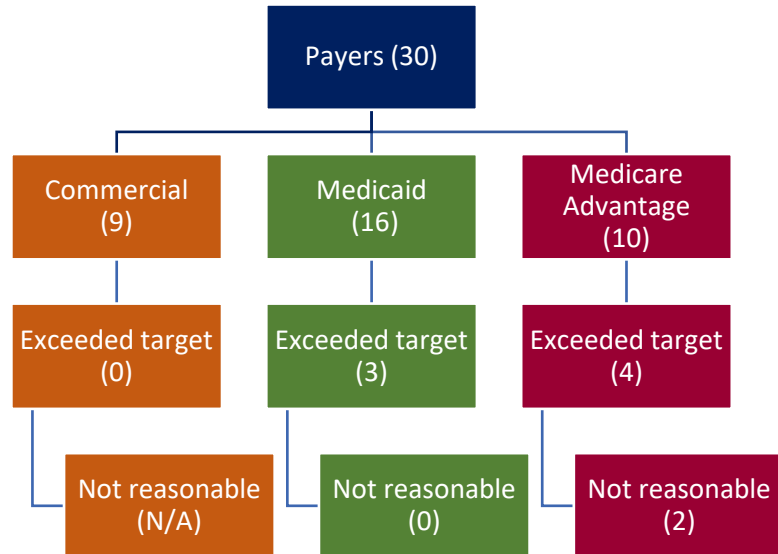
Examples of reasons that were determined acceptable for exceeding the cost growth target between 2021 and 2022 included:

- Increased behavioral health spending, after OHA raised Medicaid behavioral health rates.
- Increased non-claims spending in Medicaid, likely related to higher performance on quality measures and COVID-related payments.
- Longer inpatient stays because hospitals were unable to discharge patients to other facilities.
- Increased frontline workforce costs.
- Patients with more than \$1 million in annual costs, especially for pediatric practices.
- Service expansions to meet community needs.

Payers

Thirty payers were included in cost growth target reporting for the 2021-2022 measurement period. Overall cost growth for payers was 1.9%.

Of all payers, seven exceeded the target (four Medicare Advantage payers and three Medicaid). OHA determined cost growth was not reasonable for two Medicare Advantage payers.



Commercial

Overall cost growth for commercial payers was 1.6%. None exceeded the target for this measurement period.

Medicare Advantage

Overall cost growth for Medicare Advantage payers was 4.9%. Four exceeded the target.

Payer	2021-2022 Cost Growth	Determination
Kaiser	7.8%	Reasonable
Moda	11.6%	Not reasonable
Regence	4.6%	Reasonable
UHC Company	6.4%	Not reasonable

Medicaid

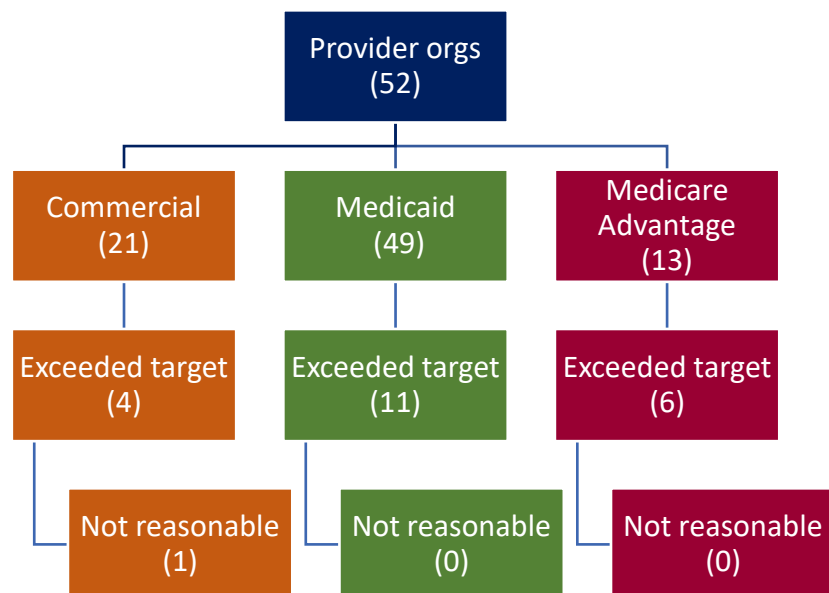
Overall cost growth for Medicaid payers was 1.3%. Three exceeded the target.

Payer	2021-2022 Cost Growth	Determination
Advanced Health	11.8%	Reasonable
Cascade Health	4.7%	Reasonable
Health Share	7.1%	Reasonable

Provider Organizations

Fifty-two provider organizations were included in cost growth target reporting for the 2021-2022 measurement period. Overall cost growth for provider organizations was 1.7%.

Of all provider organizations, 21 exceeded the target (four in the commercial market, five in the Medicare Advantage market, and 11 in Medicaid). OHA determined cost growth was not reasonable for one commercial provider organization.



Commercial

Overall cost growth for commercial provider organizations was 3.0%. Four exceeded the target.

Provider Org	2021-2022 Cost Growth	Determination
Oregon Medical Group	6.5%	Not reasonable
Salem Health	8.3%	Reasonable
Salem Pediatrics	28.0%	Reasonable
Summit Health	9.8%	Reasonable

Medicare Advantage

Overall cost growth for Medicare Advantage provider organizations was 4.4%. Six exceeded the target.

Provider Org	2021-2022 Cost Growth	Determination
Asante	7.4%	Reasonable
Kaiser	7.8%	Reasonable
Providence	6.7%	Reasonable
Samaritan Health	4.9%	Reasonable
The Corvallis Clinic	6.1%	Reasonable
The Portland Clinic	7.4%	Reasonable

Medicaid

Overall cost growth for Medicaid provider organizations was 0.9%. Eleven exceeded the target.

Provider Org	2021-2022 Cost Growth	Determination
Aviva Health	6.6%	Reasonable
Clackamas Health Centers	13.8%	Reasonable
Columbia Clinic	19.9%	Reasonable
Hillsboro Pediatrics	9.8%	Reasonable
Metropolitan Pediatrics	22.9%	Reasonable
Multnomah Co Health Dept	6.8%	Reasonable
North Bend Medical Center	10.8%	Reasonable
Sanford Children's	14.9%	Reasonable
Sky Lakes Medical Center	6.8%	Reasonable
The Children's Clinic	18.1%	Reasonable
Valley Family Health Care	10.7%	Reasonable

Looking Ahead

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

Cost Growth Target Accountability Performance Improvement Plans

Starting in 2025, OHA may determine that a payer or provider organization that exceeded the target for 2022-2023 without an acceptable reason must prepare a performance improvement plan (PIP).

CGT Year	Cost Growth Between	Data Submitted	Report Published	PIPs Apply?
1	2020-2021	2022	2023	No
2	2021-2022	2023	2024	No
3	2022-2023	2024	2025	Yes
4	2023-2024	2025	2026	Yes
5	2024-2025	2026	2027	Yes
6	2025-2026	2027	2028	Yes

Developed by the organization itself, each PIP will serve as a roadmap outlining specific strategies and

actions that payers and provider organizations will take to make care more affordable. OHA will notify payers and provider organizations if they need to develop and submit a PIP for approval following the process to determine reasonableness for 2022-2023.

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.

CGT Year	Cost Growth Between	Cost Growth Counts Toward Financial Penalty	Financial Penalty Assessed?
1	2020-2021	No	No
2	2021-2022	Yes (Year 1 of 5)	No
3	2022-2023	Yes (Year 2 of 5)	No
4	2023-2024	Yes (Year 3 of 5)	Yes*
5	2024-2025	Yes (Year 4 of 5)	Yes*
6	2025-2026	Yes (Year 5 of 5)	Yes

Per regulation, the first measurement period that counts toward the five-year period is 2021-2022. *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.

OHA is supporting several efforts to make health care more affordable, including:

Accelerating the adoption of value-based payments.

The state's insurers are increasingly using value-based payments (VBP), which can tie the amount that providers earn to patient quality outcomes and cost performance. VBP can encourage preventive care, reduce expensive health care use, and save patients money. In [2022](#), 70% of Medicaid CCO and 49% of public employee plan payments were in VBP arrangements, compared to 37% of the commercial market.

Limiting how much state employee insurance plans pay hospitals.

State-administered health insurance benefits for Oregon employees use reference-based pricing that caps how much health plans pay for hospital inpatient and outpatient services. Oregon saved more than \$112 million in [2021](#) through this approach and limited state employee plans' cost growth to 2% between 2020 and 2021.

Increasing affordable insurance coverage.

In July 2024, Oregon [launched](#) a free insurance option for people who make too much to be eligible for Medicaid, but don't earn enough to easily afford insurance on their own. As of [early December 2024](#),

more than 31,000 people had obtained insurance through the basic health plan known as OHP Bridge.

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 with any questions.