

Oregon’s Sustainable Health Care Cost Growth Target Overview

Each year, people in Oregon are paying more and more for their health care. In fact, health care costs are rising at an alarming rate, outpacing wages and income. This makes health care unaffordable for working families across the state. It also strains the budgets of businesses and government agencies who foot the bill for health coverage.

Oregon Health Authority (OHA), health care provider organizations, health insurance companies, employers, and consumers have joined together in Oregon to make health care more affordable, starting by setting a common goal for health care spending.

Charting a Sustainable Path for Health Care Spending

For health care to be affordable, Oregon needs to make sure health care spending does not increase at a faster rate than the economy, or wages.

Oregon’s health care cost growth target does just that -- it sets a statewide goal for how much health care spending should grow each year, aligned with projected increases in wages and the state economy.

Oregon’s Cost Growth Target

Oregon has set a cost growth target for 10 years, starting in 2021.



*The Cost Growth Target Advisory Committee will revisit the target value for 2026-2030 in 2025.

As directed by the Oregon Legislature and the Governor, health insurers and provider organizations were engaged in setting the target.

How Oregon’s Cost Growth Target Works

Each year, OHA collects data from health insurance companies and other sources to measure what people and organizations in Oregon have collectively spent on health care. This data shows whether Oregon’s health system has met the cost growth target for that year—in other words, whether the health system has been successful at reining in spending.

The data also shows how each insurance market (commercial, Medicare and Medicaid), each individual health insurance company, and each health care provider organization measures up against the target.

OHA publishes this information in an [annual report](#).



Bringing Transparency to Health Care Spending

Reporting on Oregon’s progress against the cost growth target helps everyone across the state see what we’re collectively paying for and where there might be opportunities to get better value for our health care dollars.

This transparency also:

- Allows the public to compare cost growth between different health care insurers and provider organizations;
- Enables health care insurers and provider organizations to see how they measure up, motivating them to take immediate action and stay accountable to the target; and
- Helps policymakers better understand where the biggest problems lie and make evidence-based decisions about how to make health care more affordable.

A Catalyst for Affordable Health Care

Setting a cost growth target is just the first step. To truly move the needle on health care affordability, we need all of Oregon’s health insurance companies and health care provider organizations to meet or stay under the cost growth target across all markets.

While health insurance companies and provider organizations have flexibility in determining how best to meet the cost growth target, OHA works closely with those that are struggling to keep health care costs in check. Starting in 2025, these health care entities will develop performance improvement plans to implement new cost-containment strategies. For those health care entities who consistently fail to achieve the cost growth target and improve affordability, OHA may issue financial penalties beginning in 2028.

OHA also holds [annual public forums](#) to discuss system-wide barriers and identify policy solutions to make health care more affordable for everyone and make recommendations to the Oregon Legislature.

With the shared goal of a cost growth target to guide us, we are working together to find ways to save money and help people in Oregon get the care they need at a price they can afford.

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). Visit the [Sustainable Health Care Cost Growth Target Program website](#) for more information and to subscribe to email updates.