

# Rising health care prices burden Oregon employers and residents

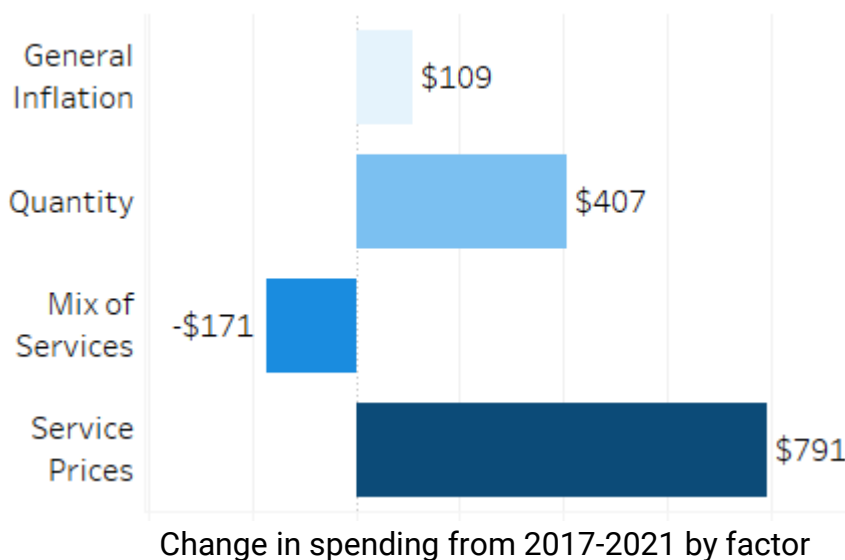


HEALTH CARE  
COST INSTITUTE

From 2017 to 2021, spending on people in Oregon who get insurance through work increased by 24%. This spending represents amounts paid for medical and pharmacy services but does not include additional spending on health insurance premiums.

The average per person spending was **\$5,770 total**, and of that, people spent **\$783 out-of-pocket**.

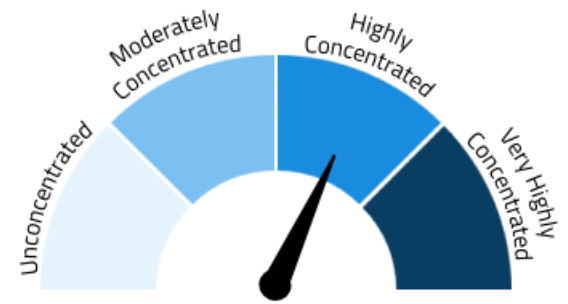
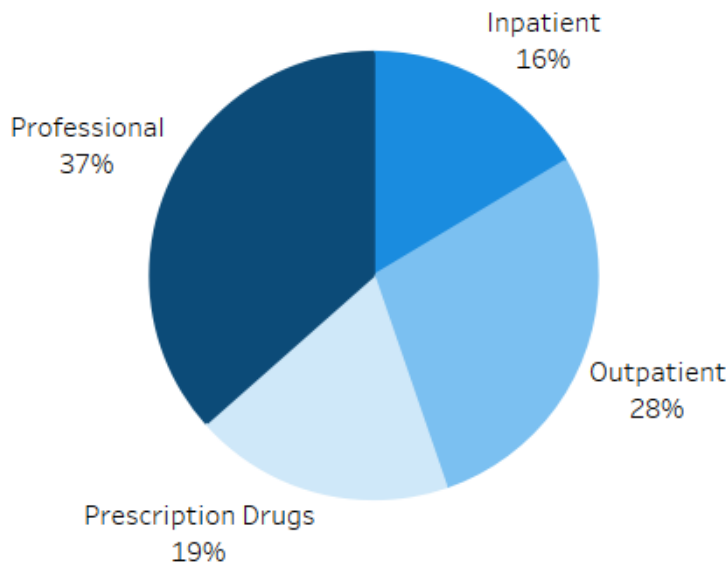
## Prices are the largest driver of spending in Oregon.



Per person health care spending grew from \$4,634 in 2017 to \$5,770 in 2021. To better understand what led to the \$1,136 growth, we looked at four factors: 1) **general inflation**, 2) **quantity of services** used, 3) change in the **mix of services** provided, and 4) **prices** of the health care services themselves. Spending growth was primarily driven by prices with smaller effects from changes in quantity of services used and general inflation. Spending growth was tempered slightly by the mix of services over the five-year period.



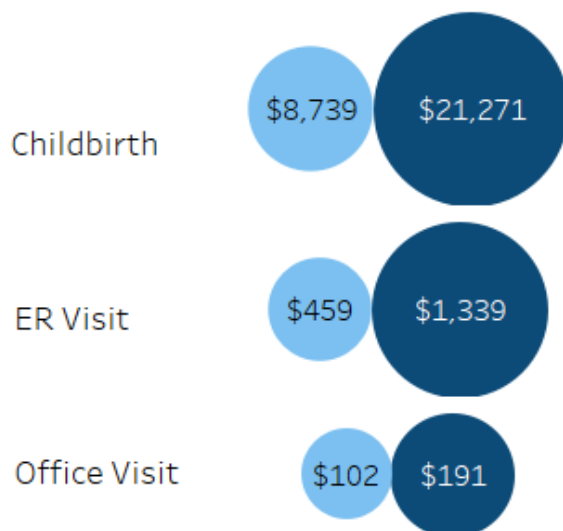
Hospital facility costs made up **44 cents of every dollar** spent on health care.



Prices for health care services are greater when markets are concentrated.

Hospital markets in the U.S. range from unconcentrated to very highly concentrated. More concentrated hospital markets are less competitive, meaning most hospital admissions occur at a small number of hospitals. Hospital markets are **highly concentrated** in Oregon.

## 10<sup>th</sup> and 90<sup>th</sup> Percentile Prices for the Same Service



Prices vary widely for the same service.

Even within the same area, the price for the same service can be different depending on which provider you see and which insurance you have.

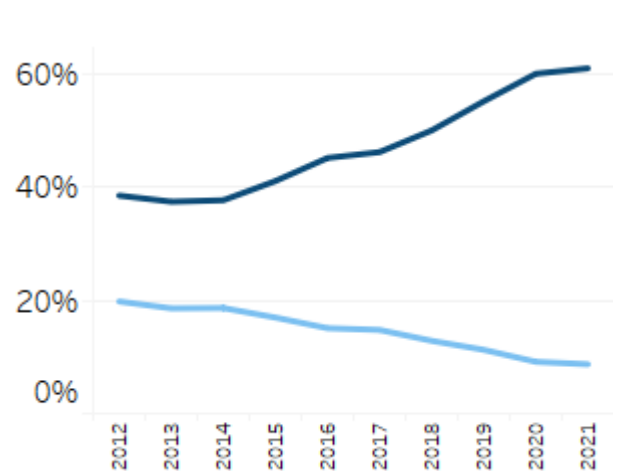


## Upcoding

Upcoding is when a health care provider submits codes to an insurer for more intensive (and more expensive) procedures than the provider may have performed.

The price of emergency room (ER) visits is going up, even as use is declining. Visits billed as high severity have higher costs than low severity visits. In Oregon, the share of ER visits coded as high severity has increased over the last 10 years. This increase suggests that upcoding may play a role in rising costs.

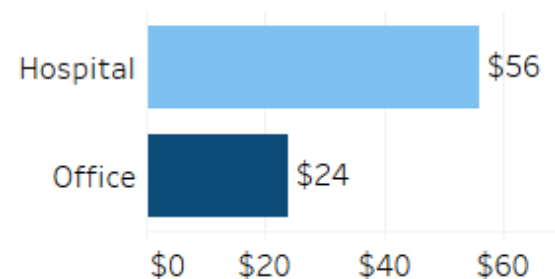
## Share of ER Visits Coded as High Severity vs. Low Severity



## Where you get care matters

Oregonians pay more for services performed in a hospital outpatient setting than services performed in an independent office. For example, lab tests are identical no matter the setting in which they are performed, yet in Oregon the average lab test costs over **twice as much** when it is performed in a hospital outpatient department compared to an independent lab or office. This has created an incentive for health care organizations to provide more services in higher-cost settings. It also encourages provider consolidation, where hospitals buy independent practices and then charge more for the same services.

## Average price of a lab test by setting\*



\*Data is from the year 2019.



# HEALTH CARE COST INSTITUTE

## **HCCI is an independent, non-profit research institute**

Founded in 2011, the Health Care Cost Institute is a trusted source of information about the drivers of health care spending in the US. HCCI's commercial claims database includes health care claims for services received by more than one-third of the U.S. with employer-sponsored insurance (ESI) over the 2012-2021 period. In total, the HCCI database includes more than 50 million enrollees across the 50 states and D.C. Existing work suggests that analyses in the HCCI data are generalizable to the full population with ESI. All figures in this report represent data from the year 2021 unless otherwise noted.

## **Additional Resources**



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