

AB 349

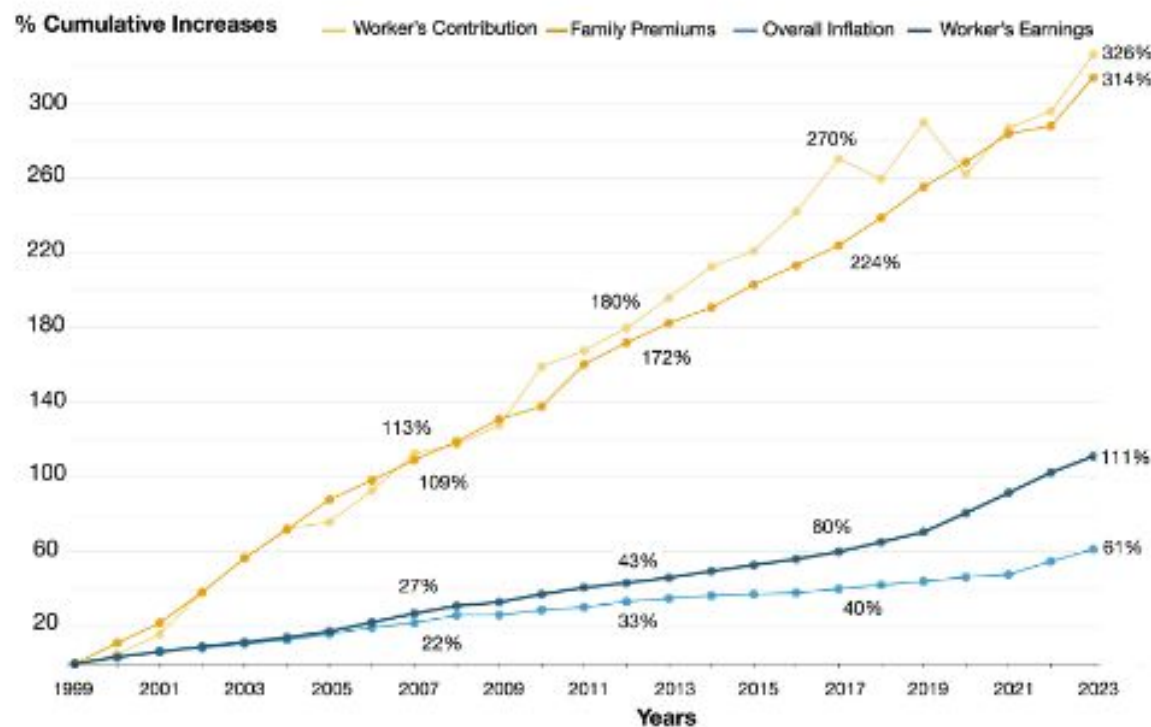
Fairer fees for care at hospitals, surgical centers, and emergency care centers

Roslyn C Murray, PhD, MPP

March 12, 2025

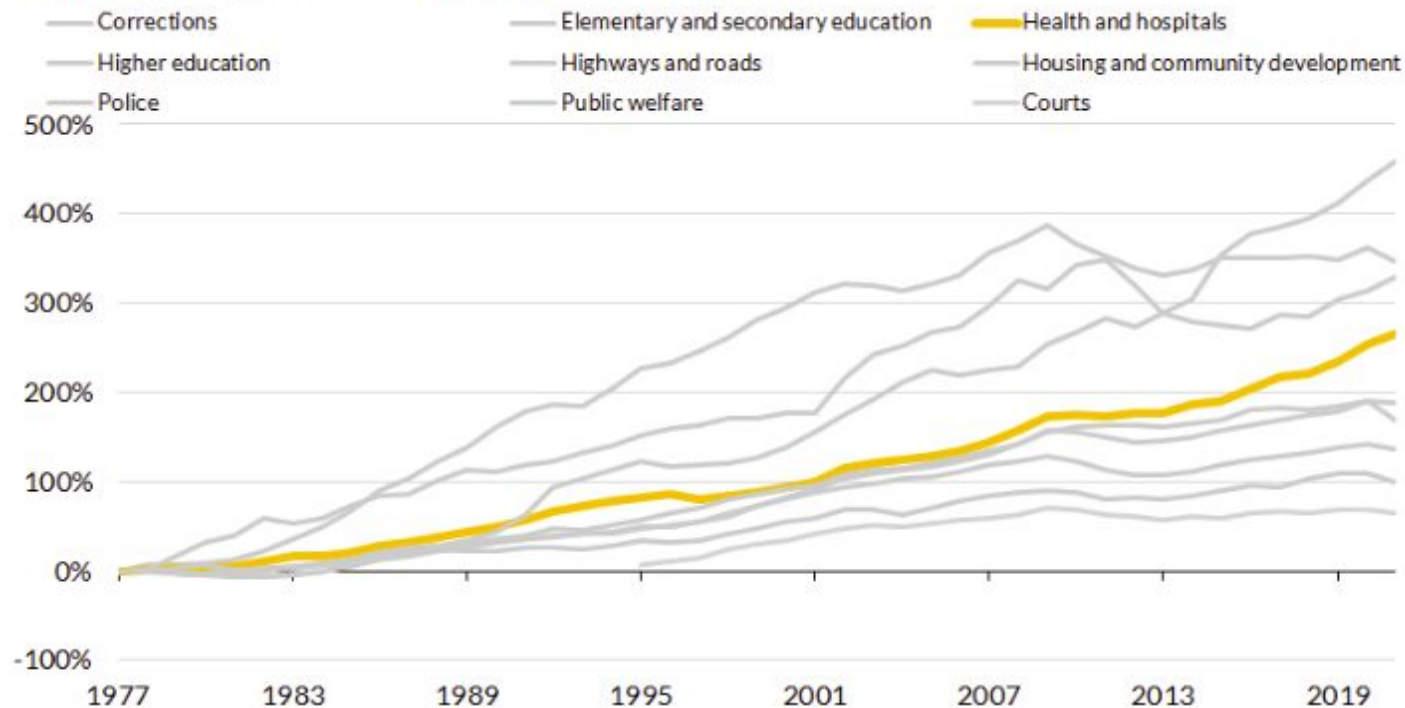
This growing cost burden is primarily felt by individuals and families through higher premiums, increased out-of-pocket spending, stagnant wages, and job losses

Figure 1. Cumulative increases (%) in workers' contribution, family premiums, overall inflation, and workers' earnings, ...

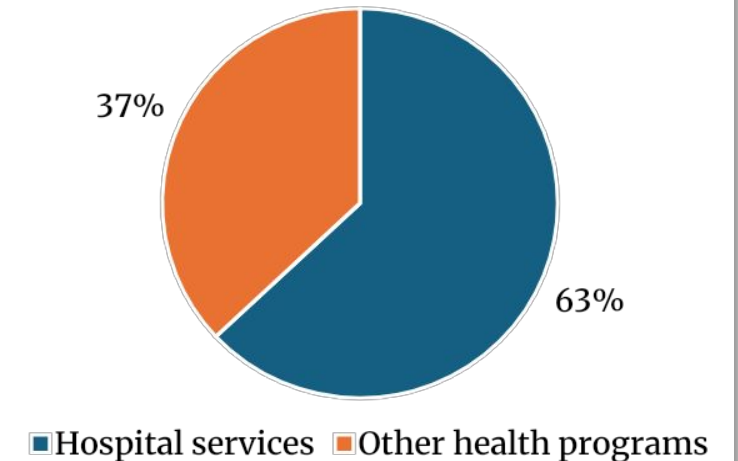


Rising prices increase premiums, which consume a growing share of state budgets

Percentage change in amounts, fiscal years 1977 to 2021



Health & hospital spending breakdown, 2021



In 2017, Oregon passed legislation (SB1067) to cap hospital facility prices for care provided to state employees and dependents

82nd OREGON LEGISLATIVE ASSEMBLY--2023 Regular Session

Senate Bill 1067

Sponsored by Senators FREDERICK, MANNING JR; Senators CAMPOS, DEMBROW, GOLDEN, GORSEK, JAMA, MEEK, STEINER, TAYLOR, WOODS

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Modifies definition of "employment relations" to exclude standards, requirements or procedures relating to body-worn cameras for purposes of law enforcement officer collective bargaining.

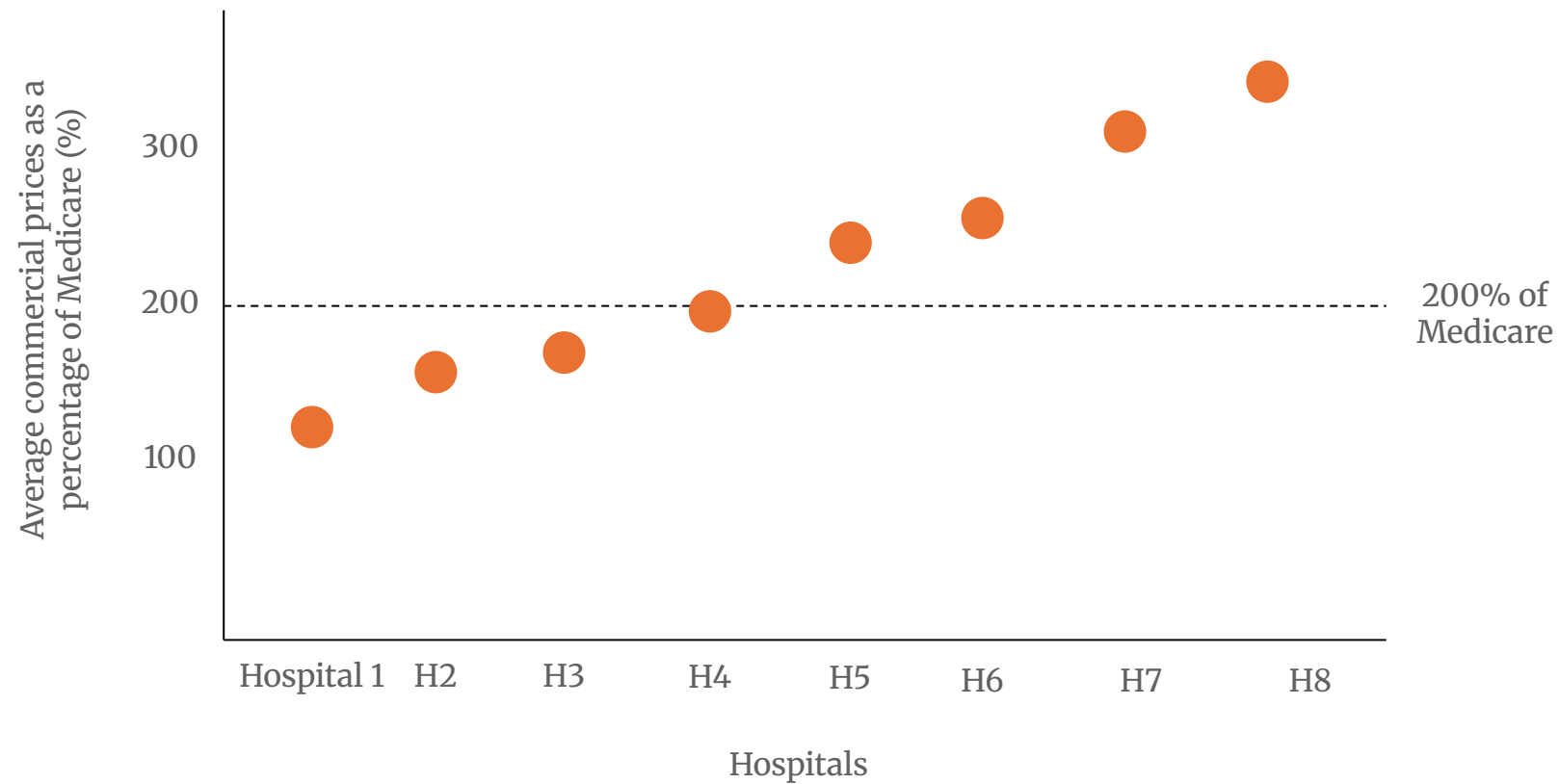
Prohibits labor organization that represents sworn law enforcement officers of law enforcement agency from negotiating over matters related to standards, requirements or procedures relating to body-worn cameras. Provides that such matters are prohibited subjects of bargaining.

Caps hospital facility prices at:

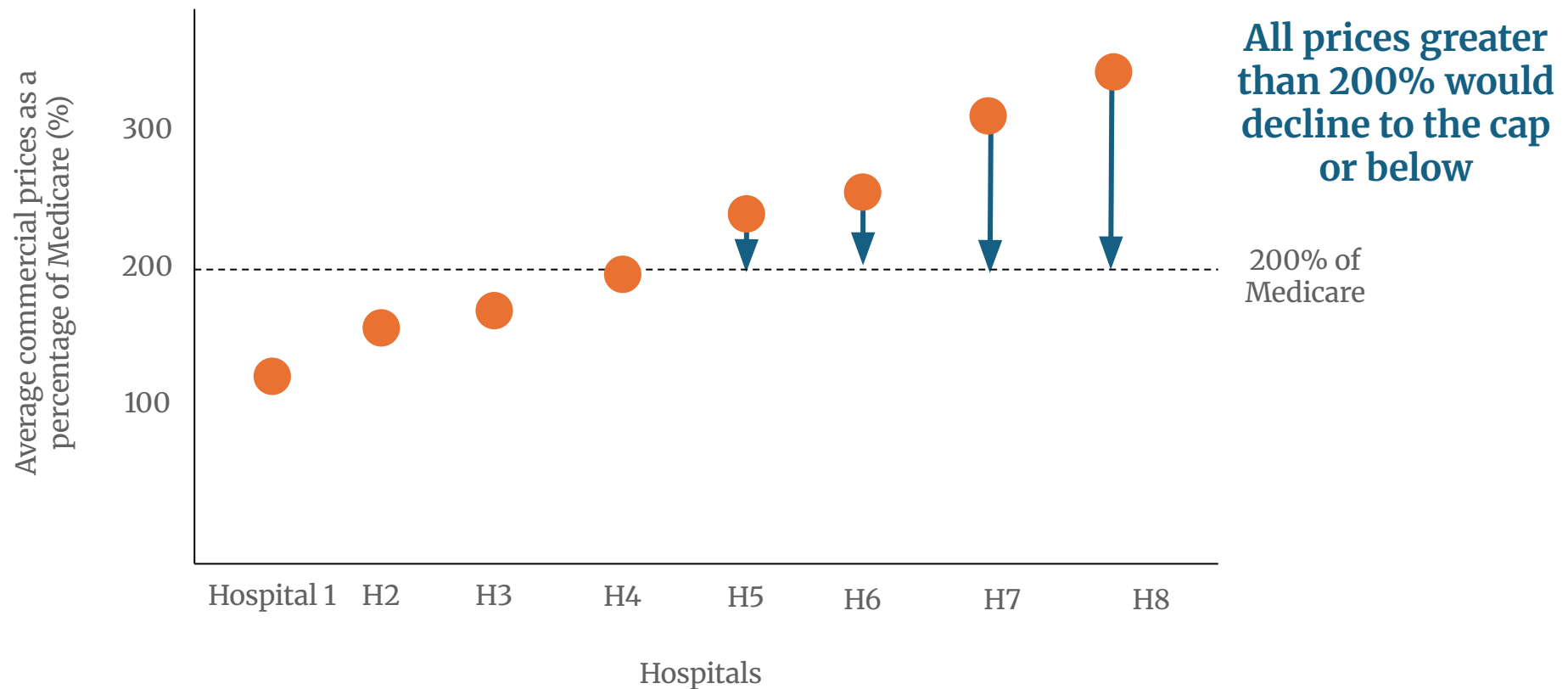
- **200% of Medicare** for in-network services
- **185% of Medicare** for out-of-network services

At 24 large, urban hospitals for care provided to state employees and dependents.

So any hospitals with prices above the cap...



So any hospitals with prices above the cap... would reduce their prices to comply with the legislation



Earlier this year, colleagues and I evaluated Oregon's policy and found promising results



Findings:

- Inpatient facility prices declined by 3%
- Outpatient facility prices declined by 25%
- Outpatient out-of-pocket spending declined by 9.5%
- Outpatient service use increased slightly, which suggests that members are not facing challenges accessing care
- No evidence of cost-shifting in the first 2 years
- No hospitals left the network

Source: Murray RC, Brown ZY, Miller S, Norton EC, Ryan AM. Hospital facility prices declined as a result of Oregon's hospital payment cap. Health Aff (Millwood). 2024; 43(3).
Murray RC, Norton EC, Ryan AM. Oregon's hospital payment cap and enrollee out-of-pocket spending and service use. JAMA Health Forum. 2024;5(8):e242614.

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We estimate that the plan saved **over \$100 million** and members saved almost **\$2 million** in outpatient out-of-pocket expenditures in the first 2 years

Preliminary research suggests that the cap has had minimal impacts on patient experience or hospitals' ability to operate

Following implementation of Oregon's payment cap, we find **no negative impact on patient experience** of care and **no significant changes in**

- Hospital expenses,
- Hospital payer mix,
- Hospital operating margins,
- Physician and nurse staffing and employment, and
- The number of obstetric, neonatal, or inpatient psych beds

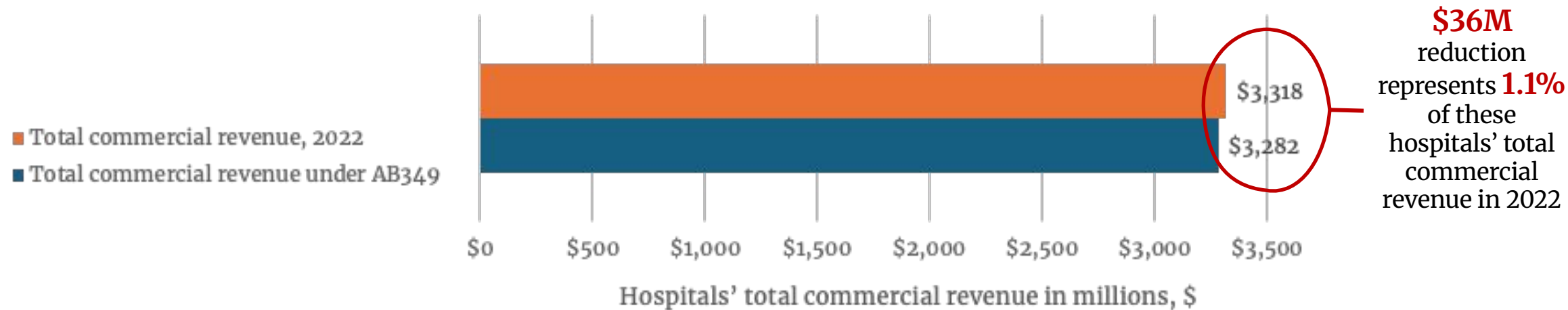
AB 349 presents an opportunity to achieve similar goals of improving health care affordability

	Oregon's SB1067	Nevada's AB349
Population subject to legislation	Public employees and state educators (~15% of the commercially-insured)	Public employees (~3.4% of the commercially-insured), with the potential for local govts to opt in
Hospitals subject to legislation	Large, urban hospitals. Critical access hospitals and other small/rural hospitals exempt	Large, urban hospitals. Critical access hospitals and other small/rural hospitals exempt
In-network cap	200% of Medicare	175% of Medicare
Out-of-network cap	185% of Medicare	160% of Medicare

AB 349 Savings Estimate:

Nevada could have saved **\$36 million** in 2022 with small impacts on hospital finances

Figure 1. Change in large, urban NV hospitals' commercial revenue from AB349



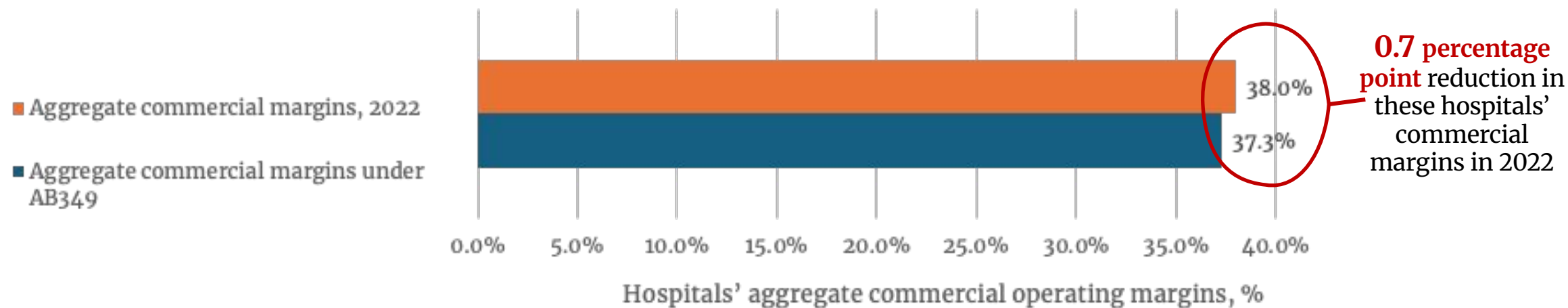
*** Assumptions:** 175% cap on hospital facility prices, which applies to 51k state employees and dependents (3.4% of commercial market) and 23 large, urban hospitals in Nevada

Source: Murray RC, Whaley CM, Fuse Brown EC, Ryan AM. Hospital payment caps could save state employee health plans millions while keeping hospital operating margins healthy. Health Aff (Millwood). 2024; 42(12).

AB 349 Savings Estimate:

Nevada could have saved **\$36 million** in 2022 with small impacts on hospital finances

Figure 2. Change in large, urban NV hospitals' commercial operating margins from AB349



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Source: Murray RC, Whaley CM, Fuse Brown EC, Ryan AM. Hospital payment caps could save state employee health plans millions while keeping hospital operating margins healthy. Health Aff (Millwood). 2024; 42(12).

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