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Planned Parenthood Advocates of Oregon

February 9, 2021

Chair Prusak, Vice Chairs Salinas and Hayden, and Members of the House Committee on Health Care,

Planned Parenthood Advocates of Oregon urges strong support for HB 2362, which creates a robust and meaningful oversight process for proposed health care mergers, acquisitions, and affiliations by placing the health care needs of Oregonians at the center of each transaction. Oregon currently lacks an overarching set of criteria that ensures these transactions enhance access to low-cost, high-quality health care services. To address this lack of transparency and accountability for transactions impacting the state's Medicaid population, the Legislature passed SB 1041 in 2019 with broad bipartisan support and gave the Oregon Health Authority (OHA) the ability to review transactions involving Coordinated Care Organizations (CCOs) to assess potential impacts to health equity and affordability. HB 2362 extends this review to any proposed affiliation within the health care market — from service providers to insurance carriers.

While Oregon is currently pursuing important efforts to control costs, one significant cost driver that has yet to be tackled looms large on the horizon: consolidation. Over the last decade, health care mergers, acquisitions, and other partnership arrangements have taken place at a rapid clip. What's more private equity investors have been increasingly entering this space. In 2018, 51 percent of all physicians and 91 percent of hospital beds nationally were affiliated with a health system.[1] Here in Oregon the number of independent hospitals has declined by 43 percent since the year 2000. Meanwhile hospitals and health systems continue to expand rapidly, through acquiring existing practices and opening new clinics across the state. In the Portland metro area, the share of physicians affiliated with health systems grew from 39% in 2016 to 71% in 2018 — an 82% increase.[2] Currently, two insurers control nearly half of Oregon's insurance market. Furthermore, Oregon's most competitive health care market is not only highly concentrated, but also one of the priciest in the nation. In 2017, Portland had the 14th highest health care prices out of 124 large metros.[3]

The evidence is clear that consolidation in health care leads to higher prices, does not necessarily improve quality, and can lead to reductions in services in underserved areas and even the denial of care for marginalized groups. Oregon already has a price problem. In Oregon, the amount patients paid for their health care increased nearly 29 percent in just four short years — faster than the rest of the nation — and outpaced inflation at a disturbing rate.[4] From 2016-2018, Oregon was one of only 15 states in which the percentage of adults who went without care because of cost went up.[5] In addition, though a large share of Oregonians have insurance, more and more individuals are likely becoming "functionally uninsured" – meaning they can't afford to use their coverage because of rising co-pays and deductibles.[6] The cost of care is increasingly out-of-reach for many Oregon families and without action, the burden of higher health care premiums, deductibles, copays or other costs will only get worse due to the economic impact of COVID. Inflated healthcare prices hit workers with the lowest wages the hardest — disproportionately affecting Black and brown communities in our state. Consolidation, if left unchecked, will make Oregon's price – and equity – problems worse.

The impact of consolidation is not limited to higher prices. Consolidation can also reduce access to care in underserved areas, and lead to the denial of services. Researchers found that following affiliation rural hospitals were more likely to lose onsite imaging, outpatient nonemergency care, and obstetric and primary care services. Obstetric services alone dropped by 7-14% annually in the five years following affiliation.[7] Furthermore, several large, religiously-affiliated health care entities are governed by ethical religious directives that prohibit or impose barriers that reduce access to reproductive, gender-affirming, and compassionate end-of-life care. Past mergers

[1] Furukawa, et al. "Consolidation Of Providers Into Health Systems Increased Substantially, 2016–18." Health Affairs, Aug 2020.
[2] Kimmy, Laura, et al. "Geographic Variation in The Consolidation of Physicians Into Health Systems, 2016–18." *Health Affairs*, Jan 2021.
[3] Health Care Cost Institute, Healthy Marketplace Index. Data from 2017, Retrieved Dec 2020.
[4] Oregon's All Payer All Claims Database. Presentation to the Oregon Health Policy Board by the Oregon Health Authority, Oct 2020
[5] Commonwealth Fund 2020 Scorecard on Health System Performance. Presentation to the Oregon Health Policy Board by the Oregon Health Authority, Oct 2020.
[6] Ungar, Laura. "Heartbreaking Bills, Lawsuit and Bankruptcy —Even With Insurance." *Kaiser Health News*, Sept 2020.
[7] O'Hanlon, Claire, et al. "Access, Quality, And Financial Performance Of Rural Hospitals Following Health System Affiliation." *Health Affairs*, Dec 2019.

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have put these services at risk, as could future ones. In California, Hoag Memorial Hospital of Newport Beach, which was founded as a Presbyterian institution in 1952, is suing to extricate itself from a partnership it entered with Providence, a Catholic hospital system, in 2013 because of ethical and religious directives that have limited Hoag's ability to provide or be reimbursed for sexual and reproductive health care—including contraceptive care like IUDs and sterilization services. This prohibition of essential reproductive health services occurred despite legal assurances that Hoag would be able to retain its individual identity and not be subject to the ethical and religious directives of the Catholic-affiliated hospital acquiring it.[8]

A Guttmacher Institute report on the impact of COVID-19 on sexual and reproductive health and fertility preferences in the time of the pandemic found that 1 in 3 women (33%) report that the pandemic caused them to delay or cancel an appointment to receive reproductive care or that they have experienced trouble getting birth control; the impact has been far greater on Black (38%) and Hispanic (45%) women, compared to 29% of White women. This reduction in access is occurring when more than 40% of women have reported changing their plans about when to have children or how many children to have due to the pandemic.[9] The pandemic has already compromised access to reproductive health care in significant ways even without the potential risks of consolidation. Experts predict that COVID will further accelerate the trend of consolidation, as independent providers continue to suffer losses and become vulnerable to acquisition by large, more financially secure health systems. We must take a hard look at mergers and acquisitions before they happen because it's incredibly difficult to undo these deals once they are finalized – and impossible to reverse the impact of denied or delayed care for patients.

Given a severe lack of federal oversight over these deals, states like Massachusetts, California, and Washington have taken legislative action to address health care consolidations. Oregon needs a system that places patients at the center of all proposed health care deals, while also allowing flexibility to ensure successful partnerships. Currently, three different state agencies review disparate parts of health care transactions, each with their own set of procedures and standards. Outside of OHA's reviews of CCO transactions, health care affordability and accessibility are not among those standards. HB2362 builds on the impressive model that Massachusetts has been using for many years to review proposed transactions. HB 2362 is not about putting a stop to mergers and acquisitions or curbing health care deals — it simply ensures that in addition to promoting financial solvency and sustainability any proposed transaction will also benefit Oregonians by either reducing patient costs; increasing access to services in medically underserved areas; or addressing historical and contemporary factors contributing to the lack of health equity in our state. The bill also creates a public process of transparency and ongoing accountability.

HB2362 provides a process to observe, assess, and value the health of our providers and communities. This will be more important than ever as COVID-19 triggers more consolidations within our health systems. In the state's efforts to contain health care costs while ensuring more equitable access to high-quality care, HB 2362 is a critical and timely tool for ensuring that we build stable and sustainable health care systems that put Oregonians' health and well-being first.

Sincerely,
An Do
Interim Executive Director
Planned Parenthood Advocates of Oregon

[8] Hiltzik, Michael. "At a top hospital, Catholic restrictions on women's healthcare are growing worse." LA Times, November 2, 2020.
[9] Lindberg LD et al., Early Impacts of the COVID-19 Pandemic: Findings from the 2020 Guttmacher Survey of Reproductive Health Experiences, New York: Guttmacher Institute, 2020. DOI: https://doi.org/10.1363/2020.31482