Oregon Pediatric Society

A Chapter of the American Academy of Pediatrics. Incorporated in Oregon

DATE: February 23, 2024

TO: Chair Senator Patterson; Vice-Chair Senator Hayden;
Members of the Senate Committee on Health Care

FROM: John Peoples, MD, FAAP, on behalf of the Oregon Pediatric Society

SUBJECT: Support for HB 4130 – protecting independent medical practices

I am a pediatrician and business partner at Central Oregon Pediatric Associates (COPA), the second largest independent pediatric practice in Oregon, and a former board member of the Oregon Pediatric Society (OPS). As the state chapter of the American Academy of Pediatrics, OPS represents 700 members throughout the state of Oregon, including solo, medium and larger private practices. We support the passage of HB 4130 because it addresses all parts of our nonprofit mission: **To promote the optimal health and development of infants, children, adolescents, and young adults, in partnership with their families and communities, and to support those who care for them.**

OPS has discussed this bill with Representative Bowman and our members, and strongly believes that HB 4130 will not only better support pediatric and primary care practitioners, but also lead to better health outcomes at both the individual patient and population level. The bill aims lays an important foundation for closing loopholes in Oregon's corporate practice of medicine law, stopping the alarming trend of private equity ownership of primary care, and shoring up local medical practitioners and small business owners. Oregon must act on this bill this session, because large corporate interests are mobilizing quickly in our state, and **independent medical facilities are in jeopardy of being bought, bartered, disempowered, and disappeared.**

As a partner at a private pediatrics practice which has provided medical care for children in Central Oregon for more than 45 years, I know full well the strains of delivering equitable, optimal health care across a large, economically diverse population of children. The partners of COPA have always kept their doors open to patients with all insurances regardless of the impact on the bottom line, and our practice is nearly 50% Medicaid-funded patients. We have consistently worked creatively and with passion over the years to see all patients and provide the care which meets their physical health needs, supports their mental health, and addresses the social drivers critical to their future health. Our lens has always put patients and families over profit. I have significant concerns about how those same challenging conversations are moving across our state with growing corporate ownership in medicine, and more difficult patient access to care.

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Pediatricians are seriously concerned by the accelerating trend of for-profit, private equity investment into medicine. Nationally, almost three quarters of physicians are now salaried employees, with most practices owned by a corporate entity.[i] This trend has been accelerated by giant national health conglomerates like UnitedHealth Group and CVS,[ii] retailers like Amazon entering healthcare,[iii] and private equity investors buying medical practices to raise prices and cut costs.[iv] **We believe that decisions regarding care for patients and populations should be made without regard to profit, but instead based on what is best for patient care and family stability.** Pediatricians listen to the needs of families, utilizing evidence-based best practices to ensure optimal health outcomes. Corporate ownership, whether private equity or otherwise, has been shown to lead to a range of harms to patients and healthcare providers, including higher prices for patients and payers,[v] worse patient outcomes,[vi] higher mortality rates for patients,[vii] and general demoralization for medical professionals.[viii]

Corporate practice of medicine (CPOM) laws have a long-standing history nationally and in Oregon, prohibiting medical practices from being owned by anyone other than a licensed physician or medical professional, based on the understanding that there was an intrinsic conflict between physician's professional obligations of care to their patients and the profit-oriented obligations of corporations to maximize returns to their shareholders.[ix] Over time, corporate owners and their legal counsel have developed a range of ways to work around these laws,[x] using layers of shell corporations such as "management services organizations" (MSO) or "physician management companies" to maintain that a medical practice is owned by a licensed medical professional on paper, while in practice the corporate investor holds effective power to decide how much money is spent on care, what staffing levels should be, how many hours should be spent with each patient, and what prices for different medical services or procedures should be.[xi]

HB 4130 systematically closes the loopholes of CPOM, blocking corporate owners or investors from owning or indirectly controlling the medical decisions of physicians and health care providers when it comes to the care for their patients. Specifically, it prohibits corporate entities from setting work schedules, employment terms, staffing levels, diagnostic coding decisions, clinical standards, or billing practices, all of which should appropriately remain with licensed physicians.

Furthermore, HB 4130 limits corporate owners from enforcing noncompete agreements for specific providers, an increasingly common practice which leaves doctors unable to speak up about harmful or unsafe conditions for patients; unable to change employment to another practice; or even leave to begin their own medical practice more responsive to patient needs.[xii]

To optimize the health outcomes of children and the well-being of their families, OPS supports HB 4130. By maintaining physician leadership of medical practices and patient decision making, Oregon Pediatric Society

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HB 4130 appropriately prioritizes patient health and optimal health outcomes over profit. We appreciate the robust advocacy for this bill in the House Health Care committee by former Governor John Kitzhaber, MD, and former OHA Director Professor Bruce Goldberg, MD, among others. **We urge you to vote yes and allow this bill to pass out of this committee to the Senate floor in 2024.**

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