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Health Care

Bill will protect Oregon patients from profiteers (Guest column)



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Investors' appetite for buying up medical practices is insatiable. Speculators are salivating at the prospect of inserting themselves between patients and their doctors, dictating treatment, rationing care and skimming profits.

However, studies have shown that the more corporations take over medical practices, the worse patient outcomes.

Between 2010 and 2021, private investment in primary care in the U.S. skyrocketed by more than 1,000%, from \$15 million to \$16 billion. Oregon is not immune to this trend. We must strengthen the existing legal principle that prohibits corporations from practicing medicine. This principle is our best defense against the intrusion of profit-driven corporations into the doctor-patient relationship.

Restrictions and regulations about who can own and operate a medical practice have been on Oregon's books since the 1950s. These measures were implemented to prevent harm when corporations put profits before patients' well-being. Witnessing what happened when "company doctors" put industry profits over patients, most states passed laws or made rules restricting the corporate practice of medicine.

Years ago, the hospital industry found a loophole in these rules. They discovered hospitals could crack up medical practices, consolidate their business operations, and pack the doctors into shell companies. This allows them to control medical care without practicing medicine.

The shell companies looked like independent medical practices but were just proxies for the hospital's administration. With doctors under their control, patients could be steered to their facilities where employed doctors perform procedures, generate hefty facility fees and order expensive tests at the hospital.

Wall Street watched as hospitals' bottom lines ballooned with operating reserves exceeding billions of dollars. Wanting a piece of the action but lacking brick-and-mortar health care facilities, private equity firms and other speculators used a little-known arrangement called a Management Service Organization (MSO) instead.

These MSOs are like corporate middlemen, inserting themselves between patients and their doctors. They handle things like billing, staffing and even buying medical supplies. Sounds helpful, right? Not quite. MSOs are controlled by investors, often private equity profiteers, who see health care as a gold mine. Their priority is squeezing every penny out of the system, not your well-being.

MSOs exploit a loophole in Oregon's laws. They crack apart the business functions of medical practices and then consolidate revenue into a central controlling entity. This lets them call the shots without technically owning the practice. Suddenly, the MSO decides how many patients a doctor sees, what treatments are offered and how much to charge.

OHSU researchers have shown that these MSO schemes are bad for local communities. Publishing their findings in the New England Journal of Medicine and other reputable peer-reviewed journals, these health policy scholars have repeatedly shown that “cracking and packing” doctors and patients results in fewer choices, higher costs and lower quality care.

But a bipartisan bill in Salem can stem the tide of toxic healthcare consolidation in Oregon. House Bill 4130 would close MSO ownership loopholes and require clear disclosure of the MSO shell company's ownership and contract arrangements. It also will keep health care in the hands of local doctors and other caregivers by restricting coercive gag clauses and other punishing anti-competitive practices.

It's time Salem sends the message that patients in Oregon are not ATMs, that the practice of medicine can't be traded like a commodity, and send the greedy profiteers packing.

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