

# A-Engrossed Senate Bill 28

Ordered by the Senate April 15  
Including Senate Amendments dated April 15

Sponsored by Senators PATTERSON, REYNOLDS (Pre-session filed.)

## 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. The statement includes a measure digest written in compliance with applicable readability standards.

**Digest: Tells some health insurers to pay certain primary care providers the same as other primary care providers for the same services. Tells DCBS to make rules and adopt a base payment rate. Exempts health insurance offered by OEGB and PEGB. Declares an emergency. (Flesch Readability Score: 64.1).**

*[Digest: The Act tells OHA to study health care. (Flesch Readability Score: 92.9).]*

*[Requires the Oregon Health Authority to study health care. Directs the authority to submit findings to the interim committees of the Legislative Assembly related to health not later than September 15, 2026.]*

*[Sunsets on January 2, 2027.]*

**Requires certain health insurers to reimburse the cost of primary care providers in an independent practice at the same rate as primary care providers within a hospital-based or hospital-affiliated system for the same services. Requires the Department of Consumer and Business Services to adopt rules and implement a benchmark Primary Care Fairness Rate. Exempts health insurance policies or certificates issued by the Public Employees' Benefit Board or the Oregon Educators Benefit Board.**

**Declares an emergency, effective on passage.**

## A BILL FOR AN ACT

1  
2 Relating to health care; creating new provisions; amending ORS 750.055 and 750.333; and declaring  
3 an emergency.

4 Whereas independent primary care practices are disappearing because they lack the negotiating  
5 leverage of large hospital-based health systems; and

6 Whereas hospital systems leverage their market power to obtain significantly higher re-  
7 imbursement rates than independent primary care providers for identical services; and

8 Whereas research published in Health Services Research indicated that, by 2016, hospital out-  
9 patient settings received payments approximately 99 percent higher than independent physician of-  
10 fices for identical services, resulting in substantial payment disparities even for common procedures;  
11 and

12 Whereas the Congressional Budget Office, in a 2022 report, reiterated that price differential; and

13 Whereas a report by Brown University's School of Public Health found hospital outpatient fa-  
14 cilities charged significantly more for routine medical care compared to independent practices, fur-  
15 ther highlighting the disparity in reimbursement rates; and

16 Whereas the payment disparity between independent and hospital-affiliated primary care pro-  
17 viders is unfair and harms patient access, choice, and affordability of health care; and

18 Whereas in the past, hospitals and health systems might have argued it was unfair to disclose  
19 reimbursement rates publicly or to government authorities, the Hospital Price Transparency Final  
20 Rule, implemented under the authority of the Affordable Care Act and reinforced by the Transpar-

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 ency in Coverage Rule, already mandates this disclosure, rendering such objections no longer rele-  
2 vant; and

3 Whereas this Act establishes a primary care benchmark reimbursement rate referred to as the  
4 Primary Care Fairness Rate that levels the playing field between big and small, independent and  
5 private, rural and urban and provides independent primary care providers a fair opportunity to  
6 thrive in Oregon; and

7 Whereas this Act will improve vital access to primary care at a time when Oregon is in primary  
8 care crisis; now, therefore,

9 **Be It Enacted by the People of the State of Oregon:**

10 **SECTION 1. Section 2 of this 2025 Act is added to and made a part of the Insurance Code.**

11 **SECTION 2. (1) As used in this section:**

12 (a) **“Hospital-based or hospital-affiliated provider” means a provider located in this state**  
13 **that provides outpatient services at a hospital or a facility that is under the common control**  
14 **or ownership of a hospital.**

15 (b) **“Independent practice” means a medical practice that is wholly owned by providers**  
16 **where the licensed provider bills insurers for services provided by the provider using:**

17 (A) **Diagnosis and procedure codes applicable to the services;**

18 (B) **The provider’s own name; and**

19 (C) **The national provider identifier for:**

20 (i) **The provider; and**

21 (ii) **If required by the insurer, the facility in which the provider provides the services.**

22 (c) **“Primary care provider” means an individual licensed or certified in this state to**  
23 **provide primary care services.**

24 (d) **“Primary care services” means outpatient, nonspecialized medical services or the**  
25 **coordination of health care.**

26 (e) **“Primary care services” include pediatrics, internal medicine and family medicine for**  
27 **the purposes of:**

28 (A) **Promoting or maintaining mental and physical health and wellness; and**

29 (B) **Diagnosis, treatment or management of acute or chronic conditions caused by dis-**  
30 **ease, illness or injury.**

31 (2) **A policy or certificate of health insurance offered in this state that reimburses the**  
32 **cost of primary care services, shall reimburse primary care providers practicing in inde-**  
33 **pendent practices at the same contracted reimbursement rate for the same services as pro-**  
34 **viders providing the same primary care services within a hospital-based or hospital-affiliated**  
35 **health system.**

36 (3) **The Department of Consumer and Business Services:**

37 (a) **Shall adopt by rule the American Medical Association’s Current Procedural Termi-**  
38 **nology codes that apply to primary care services.**

39 (b) **Shall adopt by rule the Primary Care Fairness Rate. The Primary Care Fairness Rate**  
40 **shall be an annual benchmark reimbursement rate that is based on current primary care**  
41 **reimbursement rates provided from hospital systems located in this state. The benchmark**  
42 **reimbursement rate shall be set at the highest primary care reimbursement rate reported**  
43 **by hospital-based or hospital-affiliated providers in the appropriate geographic market.**

44 (c) **Shall publish the applicable American Medical Association’s Current Procedural Ter-**  
45 **minology codes and benchmark reimbursement rates described in this subsection no later**

1 **than March 1 of each calendar year.**

2 **(d) May adopt rules necessary to implement this section.**

3 **(4) Insurers may not reduce the reimbursement paid to hospital-based or hospital-**  
4 **affiliated providers in order to comply with this section.**

5 **(5) Primary care providers practicing in an independent practice may elect not to be re-**  
6 **imbursed by an insurer at the Primary Care Fairness Rate.**

7 **(6) This section does not apply to policies or certificates of health insurance issued by the**  
8 **Public Employees' Benefit Board or the Oregon Educators Benefit Board.**

9 **SECTION 3.** ORS 750.055, as amended by section 3, chapter 24, Oregon Laws 2024, section 4,  
10 chapter 35, Oregon Laws 2024, section 21, chapter 70, Oregon Laws 2024, and section 162, chapter  
11 73, Oregon Laws 2024, is amended to read:

12 750.055. (1) The following provisions apply to health care service contractors to the extent not  
13 inconsistent with the express provisions of ORS 750.005 to 750.095:

14 (a) ORS 705.137, 705.138 and 705.139.

15 (b) ORS 731.004 to 731.150, 731.162, 731.216 to 731.362, 731.382, 731.385, 731.386, 731.390, 731.398  
16 to 731.430, 731.428, 731.450, 731.454, 731.485, as provided in subsection (2) of this section, ORS  
17 731.488, 731.504, 731.508, 731.509, 731.510, 731.511, 731.512, 731.574 to 731.620, 731.640 to 731.652,  
18 731.730, 731.731, 731.735, 731.737, 731.750, 731.752, 731.804, 731.808 and 731.844 to 731.992.

19 (c) ORS 732.215, 732.220, 732.230, 732.245, 732.250, 732.320, 732.325 and 732.517 to 732.596, not  
20 including ORS 732.582, and ORS 732.650 to 732.689.

21 (d) ORS 733.010 to 733.050, 733.080, 733.140 to 733.170, 733.210, 733.510 to 733.680 and 733.695  
22 to 733.780.

23 (e) ORS 734.014 to 734.440.

24 (f) ORS 742.001 to 742.009, 742.013, 742.016, 742.061, 742.065, 742.150 to 742.162 and 742.518 to  
25 742.542.

26 (g) ORS 743.004, 743.005, 743.007, 743.008, 743.010, 743.018, 743.020, 743.022, 743.023, 743.025,  
27 743.028, 743.029, 743.038, 743.040, 743.044, 743.050, 743.100 to 743.109, 743.402, 743.405, 743.406,  
28 743.417, 743.472, 743.492, 743.495, 743.498, 743.522, 743.523, 743.524, 743.526, 743.535, 743.550, 743.650  
29 to 743.656, 743.680 to 743.689, 743.788 and 743.790.

30 (h) ORS 743A.010, 743A.012, 743A.014, 743A.020, 743A.034, 743A.036, 743A.040, 743A.044,  
31 743A.048, 743A.051, 743A.052, 743A.058, 743A.060, 743A.062, 743A.063, 743A.064, 743A.065, 743A.066,  
32 743A.068, 743A.070, 743A.080, 743A.082, 743A.084, 743A.088, 743A.090, 743A.100, 743A.104, 743A.105,  
33 743A.108, 743A.110, 743A.124, 743A.140, 743A.141, 743A.148, 743A.150, 743A.160, 743A.168, 743A.169,  
34 743A.170, 743A.175, 743A.185, 743A.188, 743A.190, 743A.192, 743A.250, 743A.252, 743A.260, 743A.310  
35 and 743A.315 and section 2, chapter 771, Oregon Laws 2013, and section 2, chapter 70, Oregon Laws  
36 2024, and section 2 of this 2025 Act.

37 (i) ORS 743B.001, 743B.003 to 743B.127, 743B.128, 743B.130, 743B.195, 743B.197, 743B.200,  
38 743B.202, 743B.204, 743B.220, 743B.221, 743B.222, 743B.225, 743B.227, 743B.250, 743B.252, 743B.253,  
39 743B.254, 743B.255, 743B.256, 743B.257, 743B.258, 743B.280 to 743B.285, 743B.287, 743B.300, 743B.310,  
40 743B.320, 743B.323, 743B.330, 743B.340, 743B.341, 743B.342, 743B.343 to 743B.347, 743B.400, 743B.403,  
41 743B.407, 743B.420, 743B.423, 743B.450, 743B.451, 743B.452, 743B.453, 743B.470, 743B.475, 743B.505,  
42 743B.550, 743B.555, 743B.601, 743B.602 and 743B.800 and section 2, chapter 24, Oregon Laws 2024,  
43 and section 2, chapter 35, Oregon Laws 2024.

44 (j) The following provisions of ORS chapter 744:

45 (A) ORS 744.052 to 744.089, 744.091 and 744.093, relating to the regulation of insurance produc-

1 ers;

2 (B) ORS 744.602 to 744.665, relating to the regulation of insurance consultants; and

3 (C) ORS 744.700 to 744.740, relating to the regulation of third party administrators.

4 (k) ORS 746.005 to 746.140, 746.160, 746.220 to 746.370, 746.600, 746.605, 746.607, 746.608, 746.610,  
5 746.615, 746.625, 746.635, 746.650, 746.655, 746.660, 746.668, 746.670, 746.675, 746.680 and 746.690.

6 (2) The following provisions of the Insurance Code apply to health care service contractors ex-  
7 cept in the case of group practice health maintenance organizations that are federally qualified  
8 pursuant to Title XIII of the Public Health Service Act:

9 (a) ORS 731.485, if the group practice health maintenance organization wholly owns and oper-  
10 ates an in-house drug outlet.

11 (b) ORS 743A.024, unless the patient is referred by a physician, physician associate or nurse  
12 practitioner associated with a group practice health maintenance organization.

13 (3) For the purposes of this section, health care service contractors are insurers.

14 (4) Any for-profit health care service contractor organized under the laws of any other state that  
15 is not governed by the insurance laws of the other state is subject to all requirements of ORS  
16 chapter 732.

17 (5)(a) A health care service contractor is a domestic insurance company for the purpose of de-  
18 termining whether the health care service contractor is a debtor, as defined in 11 U.S.C. 109.

19 (b) A health care service contractor's classification as a domestic insurance company under  
20 paragraph (a) of this subsection does not subject the health care service contractor to ORS 734.510  
21 to 734.710.

22 (6) The Director of the Department of Consumer and Business Services may, after notice and  
23 hearing, adopt reasonable rules not inconsistent with this section and ORS 750.003, 750.005, 750.025  
24 and 750.045 that are necessary for the proper administration of these provisions.

25 **SECTION 4.** ORS 750.055, as amended by section 21, chapter 771, Oregon Laws 2013, section  
26 7, chapter 25, Oregon Laws 2014, section 82, chapter 45, Oregon Laws 2014, section 9, chapter 59,  
27 Oregon Laws 2015, section 7, chapter 100, Oregon Laws 2015, section 7, chapter 224, Oregon Laws  
28 2015, section 11, chapter 362, Oregon Laws 2015, section 10, chapter 470, Oregon Laws 2015, section  
29 30, chapter 515, Oregon Laws 2015, section 10, chapter 206, Oregon Laws 2017, section 6, chapter  
30 417, Oregon Laws 2017, section 22, chapter 479, Oregon Laws 2017, section 10, chapter 7, Oregon  
31 Laws 2018, section 69, chapter 13, Oregon Laws 2019, section 38, chapter 151, Oregon Laws 2019,  
32 section 5, chapter 441, Oregon Laws 2019, section 85, chapter 97, Oregon Laws 2021, section 12,  
33 chapter 37, Oregon Laws 2022, section 5, chapter 111, Oregon Laws 2023, section 2, chapter 152,  
34 Oregon Laws 2023, section 4, chapter 24, Oregon Laws 2024, section 5, chapter 35, Oregon Laws  
35 2024, section 22, chapter 70, Oregon Laws 2024, and section 163, chapter 73, Oregon Laws 2024, is  
36 amended to read:

37 750.055. (1) The following provisions apply to health care service contractors to the extent not  
38 inconsistent with the express provisions of ORS 750.005 to 750.095:

39 (a) ORS 705.137, 705.138 and 705.139.

40 (b) ORS 731.004 to 731.150, 731.162, 731.216 to 731.362, 731.382, 731.385, 731.386, 731.390, 731.398  
41 to 731.430, 731.428, 731.450, 731.454, 731.485, as provided in subsection (2) of this section, ORS  
42 731.488, 731.504, 731.508, 731.509, 731.510, 731.511, 731.512, 731.574 to 731.620, 731.640 to 731.652,  
43 731.730, 731.731, 731.735, 731.737, 731.750, 731.752, 731.804, 731.808 and 731.844 to 731.992.

44 (c) ORS 732.215, 732.220, 732.230, 732.245, 732.250, 732.320, 732.325 and 732.517 to 732.596, not  
45 including ORS 732.582, and ORS 732.650 to 732.689.

1 (d) ORS 733.010 to 733.050, 733.080, 733.140 to 733.170, 733.210, 733.510 to 733.680 and 733.695  
2 to 733.780.

3 (e) ORS 734.014 to 734.440.

4 (f) ORS 742.001 to 742.009, 742.013, 742.016, 742.061, 742.065, 742.150 to 742.162 and 742.518 to  
5 742.542.

6 (g) ORS 743.004, 743.005, 743.007, 743.008, 743.010, 743.018, 743.020, 743.022, 743.023, 743.025,  
7 743.028, 743.029, 743.038, 743.040, 743.044, 743.050, 743.100 to 743.109, 743.402, 743.405, 743.406,  
8 743.417, 743.472, 743.492, 743.495, 743.498, 743.522, 743.523, 743.524, 743.526, 743.535, 743.550, 743.650  
9 to 743.656, 743.680 to 743.689, 743.788 and 743.790.

10 (h) ORS 743A.010, 743A.012, 743A.014, 743A.020, 743A.034, 743A.036, 743A.040, 743A.044,  
11 743A.048, 743A.051, 743A.052, 743A.058, 743A.060, 743A.062, 743A.063, 743A.064, 743A.065, 743A.066,  
12 743A.068, 743A.070, 743A.080, 743A.082, 743A.084, 743A.088, 743A.090, 743A.100, 743A.104, 743A.105,  
13 743A.108, 743A.110, 743A.124, 743A.140, 743A.141, 743A.148, 743A.150, 743A.160, 743A.168, 743A.169,  
14 743A.170, 743A.175, 743A.185, 743A.188, 743A.190, 743A.192, 743A.250, 743A.252, 743A.260, 743A.310  
15 and 743A.315 and section 2, chapter 70, Oregon Laws 2024, **and section 2 of this 2025 Act.**

16 (i) ORS 743B.001, 743B.003 to 743B.127, 743B.128, 743B.130, 743B.195, 743B.197, 743B.200,  
17 743B.202, 743B.204, 743B.220, 743B.221, 743B.222, 743B.225, 743B.227, 743B.250, 743B.252, 743B.253,  
18 743B.254, 743B.255, 743B.256, 743B.257, 743B.258, 743B.280 to 743B.285, 743B.287, 743B.300, 743B.310,  
19 743B.320, 743B.323, 743B.330, 743B.340, 743B.341, 743B.342, 743B.343 to 743B.347, 743B.400, 743B.403,  
20 743B.407, 743B.420, 743B.423, 743B.450, 743B.451, 743B.452, 743B.453, 743B.470, 743B.475, 743B.505,  
21 743B.550, 743B.555, 743B.601, 743B.602 and 743B.800 and section 2, chapter 24, Oregon Laws 2024,  
22 and section 2, chapter 35, Oregon Laws 2024.

23 (j) The following provisions of ORS chapter 744:

24 (A) ORS 744.052 to 744.089, 744.091 and 744.093, relating to the regulation of insurance produc-  
25 ers;

26 (B) ORS 744.602 to 744.665, relating to the regulation of insurance consultants; and

27 (C) ORS 744.700 to 744.740, relating to the regulation of third party administrators.

28 (k) ORS 746.005 to 746.140, 746.160, 746.220 to 746.370, 746.600, 746.605, 746.607, 746.608, 746.610,  
29 746.615, 746.625, 746.635, 746.650, 746.655, 746.660, 746.668, 746.670, 746.675, 746.680 and 746.690.

30 (2) The following provisions of the Insurance Code apply to health care service contractors ex-  
31 cept in the case of group practice health maintenance organizations that are federally qualified  
32 pursuant to Title XIII of the Public Health Service Act:

33 (a) ORS 731.485, if the group practice health maintenance organization wholly owns and oper-  
34 ates an in-house drug outlet.

35 (b) ORS 743A.024, unless the patient is referred by a physician, physician associate or nurse  
36 practitioner associated with a group practice health maintenance organization.

37 (3) For the purposes of this section, health care service contractors are insurers.

38 (4) Any for-profit health care service contractor organized under the laws of any other state that  
39 is not governed by the insurance laws of the other state is subject to all requirements of ORS  
40 chapter 732.

41 (5)(a) A health care service contractor is a domestic insurance company for the purpose of de-  
42 termining whether the health care service contractor is a debtor, as defined in 11 U.S.C. 109.

43 (b) A health care service contractor's classification as a domestic insurance company under  
44 paragraph (a) of this subsection does not subject the health care service contractor to ORS 734.510  
45 to 734.710.

1 (6) The Director of the Department of Consumer and Business Services may, after notice and  
2 hearing, adopt reasonable rules not inconsistent with this section and ORS 750.003, 750.005, 750.025  
3 and 750.045 that are necessary for the proper administration of these provisions.

4 **SECTION 5.** ORS 750.333, as amended by section 5, chapter 24, Oregon Laws 2024, and section  
5 23, chapter 70, Oregon Laws 2024, is amended to read:

6 750.333. (1) The following provisions apply to trusts carrying out a multiple employer welfare  
7 arrangement:

8 (a) ORS 705.137, 705.138 and 705.139.

9 (b) ORS 731.004 to 731.150, 731.162, 731.216 to 731.268, 731.296 to 731.316, 731.324, 731.328,  
10 731.378, 731.386, 731.390, 731.398, 731.406, 731.410, 731.414, 731.418 to 731.434, 731.454, 731.484,  
11 731.486, 731.488, 731.512, 731.574 to 731.620, 731.640 to 731.652, 731.804, 731.808 and 731.844 to  
12 731.992.

13 (c) ORS 733.010 to 733.050, 733.140 to 733.170, 733.210, 733.510 to 733.680 and 733.695 to 733.780.

14 (d) ORS 734.014 to 734.440.

15 (e) ORS 742.001 to 742.009, 742.013, 742.016, 742.061 and 742.065.

16 (f) ORS 743.004, 743.005, 743.007, 743.008, 743.010, 743.018, 743.020, 743.023, 743.028, 743.029,  
17 743.053, 743.405, 743.406, 743.524, 743.526, 743.535 and 743B.221.

18 (g) ORS 743A.010, 743A.012, 743A.014, 743A.020, 743A.024, 743A.034, 743A.036, 743A.040,  
19 743A.048, 743A.051, 743A.052, 743A.058, 743A.060, 743A.062, 743A.063, 743A.064, 743A.065, 743A.066,  
20 743A.068, 743A.070, 743A.080, 743A.082, 743A.084, 743A.088, 743A.090, 743A.100, 743A.104, 743A.105,  
21 743A.108, 743A.110, 743A.124, 743A.140, 743A.141, 743A.148, 743A.150, 743A.160, 743A.168, 743A.169,  
22 743A.170, 743A.175, 743A.180, 743A.185, 743A.188, 743A.190, 743A.192, 743A.250, 743A.252, 743A.260  
23 and 743A.310 and section 2, chapter 70, Oregon Laws 2024, **and section 2 of this 2025 Act.**

24 (h) ORS 743B.001, 743B.003 to 743B.127 (except 743B.125 to 743B.127), 743B.195, 743B.197,  
25 743B.200, 743B.202, 743B.204, 743B.220, 743B.222, 743B.225, 743B.227, 743B.250, 743B.252, 743B.253,  
26 743B.254, 743B.255, 743B.256, 743B.257, 743B.258, 743B.310, 743B.320, 743B.321, 743B.330, 743B.340,  
27 743B.341, 743B.342, 743B.343, 743B.344, 743B.345, 743B.347, 743B.400, 743B.403, 743B.407, 743B.420,  
28 743B.423, 743B.451, 743B.453, 743B.470, 743B.505, 743B.550, 743B.555 and 743B.601 and section 2,  
29 chapter 24, Oregon Laws 2024.

30 (i) The following provisions of ORS chapter 744:

31 (A) ORS 744.052 to 744.089, 744.091 and 744.093, relating to the regulation of insurance produc-  
32 ers;

33 (B) ORS 744.602 to 744.665, relating to the regulation of insurance consultants; and

34 (C) ORS 744.700 to 744.740, relating to the regulation of third party administrators.

35 (j) ORS 746.005 to 746.140, 746.160 and 746.220 to 746.370.

36 (2) For the purposes of this section:

37 (a) A trust carrying out a multiple employer welfare arrangement is an insurer.

38 (b) References to certificates of authority are references to certificates of multiple employer  
39 welfare arrangement.

40 (c) Contributions are premiums.

41 (3) The provision of health benefits under ORS 750.301 to 750.341 is the transaction of health  
42 insurance.

43 (4) The Department of Consumer and Business Services may adopt rules that are necessary to  
44 implement the provisions of ORS 750.301 to 750.341.

45 **SECTION 6. No later than January 1, 2026, the Department of Consumer and Business**

1 **Services shall finalize and publish the requirements described in section 2 (3) of this 2025 Act.**

2 **SECTION 7. (1) Section 2 of this 2025 Act and the amendments to ORS 750.055 and 750.333**  
3 **by sections 3 to 5 of this 2025 Act become operative and apply to health insurance policies,**  
4 **health care service contracts and multiple employer welfare arrangements issued, renewed**  
5 **or extended on or after January 1, 2026.**

6 **(2) The Department of Consumer and Business Services may take any action before the**  
7 **operative date specified in subsection (1) of this section that is necessary to enable the de-**  
8 **partment to exercise, on or after the operative date specified in subsection (1) of this section,**  
9 **all of the duties, functions and powers conferred on the department by section 2 of this 2025**  
10 **Act.**

11 **SECTION 8. Section 6 of this 2025 Act is repealed on June 30, 2026.**

12 **SECTION 9. This 2025 Act being necessary for the immediate preservation of the public**  
13 **peace, health and safety, an emergency is declared to exist, and this 2025 Act takes effect**  
14 **on its passage.**