

Testimony on SB 822: Network Adequacy Testimony

February 18, 2025

Chair Reynolds and Members of the Committee,

My name is Mary Anne Cooper, and I am the Oregon Director of Public Affairs and Government Relations at Regence BlueCross BlueShield of Oregon, which serves nearly one million Oregonians. In keeping with our values as a tax paying nonprofit, 89% of every premium dollar goes to pay our members' medical claims and expenses.

We have been in ongoing conversations with DFR about SB 822, which would significantly change Oregon's network adequacy laws. Network adequacy is the process by which the Oregon Division of Financial Regulation evaluates an insurer's network of providers, pharmacies and other facilities is sufficient in number, geographic distribution and types of providers to ensure that all covered services under the health benefit plan are accessible.

We agree with the DFR that the network adequacy statutes are outdated, and need to be updated, and we appreciate the DFR's outreach to carriers about this legislation in advance of the legislative session.

While most of the changes made in the statute are fine, we remain uncomfortable with the number of standards that are left to the DFR to define in rulemaking. The vast discretion left to the agency creates considerable uncertainty for carriers.

In 2023, the Centers for Medicare and Medicaid Services adopted extensive new network adequacy requirements for the individual market with the goal of improving access to care and health equity. DFR's stated goal with this amendment is to align with and codify these new federal standards and extend their reach to the small group and large group markets.

We are requesting that the bill be amended to empower DFR to adopt rules that are no more stringent than federal rules in place on December 31, 2024 regarding geographic access to care and wait times. We request removal of the section providing provider to patient ratios, as that is outside the scope of federal rulemaking and outside the scope of DFR's expertise.

We are also concerned that as the state adopts more stringent network adequacy requirements and we see continued consolidation of hospitals and providers, the state may see more instances of health systems demanding contract increases beyond what's necessary to sustain their operations because they know that their system is necessary to meet a carrier's network adequacy requirements. As such, we are asking that if a health system is moving out of a carrier's network due to a contract termination where the health system asked for a contract increase in excess of the state's cost growth target without justification, that DFR be able to waive network adequacy requirements with respect to that carrier and that health system. This will help ensure that the more stringent network adequacy requirements are not used as a lever to demand contract increases simply because of the market share that they occupy in a region.

Thank you for your consideration and please let us know if you have any questions.

Mary Anne Cooper, Regence BlueCross BlueShield of Oregon