

Submitter: Scott Perkins
On Behalf Of:
Committee: Senate Committee On Health Care
Measure, Appointment or Topic: SB951

To the representatives and members of the Oregon Senate,
I am writing in support of Senate Bill 951. There are significant loopholes in Oregon's CPOM law that are being rapidly exploited by multi-billion dollar corporations and private equity firms. The rate of change is alarming as they swallow up independent clinics, impacting community care and leaving Oregonians with no health options. Over time, corporate owners and their legal counsel have developed ways to bypass CPOM laws.

In this "Friendly Physician" or "Captive Physician" contracting scheme, a private equity or corporate-backed MSO will install a medical professional as the owner of a medical practice on paper (sometimes this isn't even a physician who lives in the state, and may never actually work in the clinic).

Meanwhile, in practice, the corporate investor holds effective power to run the clinic, including decisions that intimately affect patients: how much money is spent on care, what staffing levels should be, how much time should be spent with each patient, when and to whom physicians sell their ownership in the practice, and what prices for different medical services or procedures should be.

Private equity transactions will often take it a step further: they will cut the captive physicians in on the profits by giving them a minority equity stake in the MSO, creating a built-in financial conflict of interest in the practice model.

From NEJM: "Emerging empirical evidence suggests three primary risks that corporatized medicine poses: increased health care prices and spending owing to market consolidation and exploitation of payment loopholes, patient care concerns associated with changes in practice patterns and pressures to reduce staffing, and moral injury and burnout among physicians. The preponderance of evidence hasn't yet suggested commensurate improvements in quality, access, efficiency, or equity to offset these concerns."

One study in the New England Journal of Medicine showed that when Private Equity buys a clinic, costs rise by as much as 20%, patient time spent with the provider decreases, unnecessary procedures go up, and the risk of complications rises. Please continue to represent the health and welfare of all Oregonians and work toward a more equitable health care system. Please support SB 951.