



Oregon Consumer Justice
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**Testimony Submitted by
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To the Senate Committee on Health Care**

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Regarding: Support for SB 951

Chair Patterson, Vice-Chair Hayden, and Members of the Committee,

For the record, my name is Chris Coughlin. I appreciate the opportunity to testify today on behalf of Oregon Consumer Justice in support of SB 951.

Oregon Consumer Justice (OCJ) is a nonprofit consumer advocacy organization committed to advancing a justice movement that puts people first through policy, community engagement, and the law. We believe all should be free to thrive and equitably share in our abundance of resources. For too long, flawed systems and economic policies that favor profits over people have stood in the way of this reality, with communities of color often experiencing the most significant harm. Strengthened through responsive and reciprocal community relationships, OCJ is building a future where financial and business transactions can be relied upon as safe and where all Oregonians know and have recourse to exercise their consumer rights.

The costs of healthcare services are rising, and the landscape for acquiring and maintaining health insurance is increasingly complex. Beyond these pressures, Oregonians are also seeing healthcare services concentrated among a few large providers and healthcare organizations being taken over by

private equity. Oregon is facing an environment whereby access to healthcare services is reduced within the communities that need it the most.

Oregon Consumer Justice urges your support of SB 951 to strengthen Oregon's Corporate Practice of Medicine (CPOM) Law. This bill offers a framework that will build Oregonians' trust in their healthcare providers, reduce the burden and cost of medical care, and ensure competition in the healthcare sector.

Corporations, including insurance companies, private equity investors, and retailers, are investing at unprecedented levels in primary care. Corporate interests bring profit-maximizing tactics to primary care, including surprise billing, staffing cuts, shorter patient appointments, undertreating health conditions, overprescribing medications, and overbilling patients.

A stronger CPOM framework will boost Oregonians' confidence that, when they consult their healthcare providers, they will receive healthcare services that serve their best interests. While the CPOM doctrine has been upheld by the courts and is generally considered to be settled law, in recent years, there have been some challenges in Oregon related to how this legal concept is enforced.¹ Further, corporations and private equity have been exploiting loopholes in this doctrine, increasing their reach across the healthcare sector.

CPOM is the structure under which corporations gain the majority stake in medical or other healthcare practices. Consequently, they direct patient care with a profit-making mindset, rather than through a patient-centered approach. This structure is problematic in the following ways:

- It increases healthcare costs, negatively impacting Oregon consumers. The cost of services by physicians following the corporate acquisition of their practice increased by an average of 14.1%.²
- It stifles competition in the healthcare industry by creating large healthcare conglomerates and a monopoly in the healthcare sector.

¹ *State ex rel. Sisemore v. Standard Optical Co.*, 188 P.2d 309 (Or. 1947).

² Capps, Cory et al. "The Effect of Hospital Acquisitions of Physician Practices on Prices and Spending." *Journal of Health Economics* vol. 59 (2018): 139-152. doi:10.1016/j.jhealeco.2018.04.001



- It leads to worse patient care. Over half of employed physicians reported that changes in practice ownership reduced the quality of patient care, citing an erosion in clinical autonomy and a greater focus on financial incentives.³
- Acquired practices have higher rates of adverse outcomes across many practice areas, including diabetes care, cancer treatment, and behavioral health.

If physicians choose to leave a specific practice they should be able to continue to practice medicine. Banning non-competes and non-disparagement clauses for licensed providers is essential so that physicians have the ability to speak out, enabling greater transparency and accountability in primary care for consumers—even if corporate interests take over a practice. Healthcare decisions need to be made with the patient at the center, and physicians should be able to advocate for their patients without fear about future employment. And, when a healthcare location closes down, doctors should not be prevented from getting another job for a year due to non-compete agreements in their contracts. Banning non-competes for all staff doctors will prevent access to care issues for consumers.

As private equity purchasers acquire Oregon physician practices, consumers are feeling the impacts firsthand. The leading purchaser in Oregon has been Optum, a subsidiary of UnitedHealth Group, which has nearly 90,000 employed or affiliated physicians in the United States. More than a year ago, an access crisis began in Eugene, Oregon when an Optum-owned entity, Oregon Medical Group, terminated 13,000 patients and closed a location. This left many Oregonians without access to a primary care doctor, general medical care, and even the ability to refill their prescriptions, forcing consumers to self-ration their medications to make them last longer. Lawmakers and community members fear that this same scenario could happen in other communities across Oregon as Optum acquires other medical care facilities.

³ NORC at the University of Chicago. (2023, November). *The impact of practice acquisitions and employment on ...* Physicians Advocacy Institute.
<https://www.physiciansadvocacyinstitute.org/Portals/0/assets/docs/PAI-Research/NORC-Employed-Physician-Survey-Report-Final.pdf?ver=ylnykkKFPb3EZ6JMfQCelA%3D%3D>



With your support of this bill, you will help create a professional and legal landscape in which Oregon consumers can trust their healthcare institutions. Further, consumers can rest assured that their healthcare providers are motivated by the will to increase health and healthcare access in the state rather than by a desire to profit from Oregonian's expenditures on essential services.

We urge your support of SB 951 which will strengthen the guardrails on the CPOM in the state. By bolstering and expanding Oregon's CPOM laws, SB 951 paves a pathway to protect Oregon consumers from corporate ownership of healthcare practices.

Thank you for this opportunity to submit testimony and for your service to Oregon's communities.

