

## SB 951 – HEARING TESTIMONY – Dr. Edward Boyle

- My name is Dr. Edward Boyle. I am the founder of Inovia Vein Specialty Centers with six clinics in Bend and Portland that specialize in treating patients with vein and vascular disorders like blood clots and leg wound ulcers. I have been practicing medicine in Oregon for over two decades. ***Our practice is fully independent and is not owned by a hospital, insurance company, or affiliated with a management services organization.***
- I am testifying today in opposition to Senate Bill 951 because by creating more setbacks for the already shrinking number of independent medical practices in Oregon, this bill will burden Oregonians seeking healthcare by driving up the cost of care and decreasing access.
- I agree with the goal of protecting clinician autonomy. But the bill’s focus on independent practices excludes the care setting with the greatest risk of interference in clinical decision-making – hospitals. Indeed, it is precisely in hospitals that medical decisions are most affected by unlicensed non clinical administrators. This bill as written will continue to accelerate dangerous disparities between the rules that apply to hospitals and independent medical practices, because bill heavily restricts MSOs, but does “not include a hospital . . . or a hospital-affiliated clinic.” This **massive carve out for all hospital and insurance company-affiliated doctors** creates an uneven playing field and makes little sense if the legislation is truly intended to protect physician autonomy from non-clinical administrative interference. It is, on its face, simply unfair given that a majority of physicians and providers work for hospitals and many are affiliated with insurance company owners and only a minority like my practice are still independent.
- For example, unlicensed non clinical administrators in hospitals routinely set clinical standards and policies, push coding decisions, and develop patient

policies. Further, while the bill would prohibit medical professionals from being jointly employed by a medical practice and MSO, hospital executives such as Chief Medical Officers often wear two hats as doctors and businesspeople and are compensated based upon the overall performance of their hospital. I have to ask: Why have the hospitals been completely carved out of this legislation?

- The fundamental unfairness reflected by how the bill treats independent practices affiliated or not with MSOs versus hospitals employed providers prompted me to testify even though my practice is not affiliated with an MSO. This unequal treatment will force more and more independent practices that are already struggling due to lower reimbursement rates and increased regulatory complexity to fold and be acquired by large hospital systems, resulting in higher costs and less access to care for the citizens of Oregon.
- Independent physician practices are already being swallowed by hospitals at an alarming rate. To take one recent example, in Bend, our only remaining two independent orthopedic groups ran into fiscal problems and were acquired by the hospital entity—St. Charles Medical Center, which now controls all patients seeking orthopedic care in Central and Eastern Oregon. Similar hospital-led consolidation is happening locally in other specialties, too. This is happening all over the state. I don't understand why this is not also a focus of this legislation?
- As this hospital consolidation occurs, I hear from my patients regarding how it results in higher direct out of pocket costs for them. I often refer patients to other specialists including orthopedists, pulmonologists, and cardiologists, among others. As many of my patients have transitioned from receiving care from independent practices to hospitals, their out-of-pocket deductibles and co-pays have risen due to hospitals billing dramatically higher rates for tests and

procedures that could have been done in a lower-cost independent practice or surgery center.

- My patients' experiences are consistent with what the data shows. A few months ago, there was a study on how physician practice models have changed in recent years. The findings are clear -- hospital-driven consolidation is driving up healthcare costs for patients and payers. *Yet, this bill ignores hospitals.*
- This study analyzed Medicare data from 2019 to 2022 across five medical specialties: cardiology, gastroenterology, medical oncology, orthopedics, and urology. The results were unequivocal—hospital-driven consolidation is driving up healthcare costs for patients and payers.
- In this study, as of 2022, the great majority of physicians were affiliated with hospitals. Another 12% were independent and unaffiliated with any investment support, and just 6% were independent and affiliated with private equity-backed management organizations. In short, the data clearly shows that support of independent practices through MSOs is not the driver of consolidation; hospitals buying medical practices are.
- This independent analysis found that in the year after a previously unaffiliated physician joins a hospital system, annual Medicare spending per beneficiary increased by \$1,327.
- In sharp contrast, after a previously unaffiliated physician affiliated with an MSO, Medicare spending decreased by \$963 per beneficiary.
- There is no doubt that our hospitals are necessary for patients with acute care needs, but they are not always the ideal vehicle for delivering responsive, customized, and convenient outpatient care. Independent practices provide patients with the convenient, high-quality care they need, and they also serve as an important competitive counterbalance to hospitals that keep costs low.

- Unfortunately, rather *than support independent practices, this bill singularly burdens only independent practices organized as LLCs and PCs, which are already struggling financially, by eliminating their ability to partner with MSOs. Why not apply this legislation to all providers licensed by the Oregon Medical board or other provider licensing agencies in our state?*
- The bill's sponsors say that these partnerships are not prohibited by the bill, but when you read what is proposed, the opposite is clearly the case. I had hoped that a year of working on the bill would have resulted in something easier to understand, but the last-minute amendments that were shared last Friday have put us in the same place as we were last year—**incredibly complex** rules only imposed on the small minority of independent practices, not the majority of hospitals and insurance company affiliated doctors, being rushed through a hearing two days after the amendments were shared.
- If this bill is passed, independent physician practices in Oregon will continue to shutter. Hospitals and hospital systems will dominate even more of our healthcare system, *and patients will suffer as direct out-of-pocket costs and their insurance premiums go up and care becomes less accessible.*
- In closing, if the real goal is to focus on protecting clinical autonomy, then let's work together on a bill that does that. The legislation should prohibit corporate entities – MSOs, hospitals, payors, and any others – from interfering with the professional judgment of physician practices **in making health care decisions** such as deciding on the types of tests or procedures a patient needs, or what referrals should be made for a patient, or how much time we spend with our patients. However, it should not prevent physician's from also working in MSOs to come up with innovative ways to run our practices at scale to rapidly adapt to a challenging and changing health practice environment.

- The amended version of the bill that came out last Friday goes way beyond protecting clinical autonomy. It ties our hands in small practices and leaves us with less flexibility to run our practices and collaborate with others to deliver high-value, accessible care in our state. There are better models like Senate Bill 351 in California and two bills pending in Massachusetts—HD 1759 and SD 2274. Those bills protect the independence of clinical decision-making in clear ways that don't attack the business partnerships between independent practices and MSOs.
- Please vote no on SB 951.

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