

## Regence Testimony HB 3234 Amendments

March 20, 2025

Chair Sosa and Members of the Committee,

My name is Mary Anne Cooper, and I am the Director of Government Affairs at Regence BlueCross BlueShield of Oregon. As the state's first and largest commercial health insurer, Regence is committed to addressing both persistent and emerging health needs for the nearly 1 million Oregonians we serve. In keeping with our values as a tax-paying nonprofit, 90% of every premium dollar goes directly toward our members' medical claims and expenses. We are here today to explain how the -2 and -4 Amendments to HB 3234 would cause cascading negative impacts to the health care industry and significant cost increases for all Oregonians. In addition, the overly broad nature of the bill will have a chilling effect on creative projects intended to address challenges in the health care space and provide care to patients.

While we understand that the amendments to HB 3234 intend to target the negative effects of vertical provider integration in health care and preserve the independence of doctors, the bill goes well beyond those goals. Indeed, the amendment touches nearly every aspect of health care contracting and ultimately upends the ability of insurers and health systems to effectively interact with doctors to provide affordable patient care.

Insurers collect premiums from members and direct that money to patient care through a network of medical providers. These medical providers negotiate mutually agreeable contracts with each insurer, and those contracts provide a rate of compensation for the service. Additional approval may be required for certain high-risk or high-cost services. Negotiated provider agreements also include requirements for payment and other aspects relating to the service between the insurer's members and the provider. Further, member policies may include specific coverage requirements for certain procedures or drugs to direct patients to the most effective and affordable health care. These contracts are critical to ensuring

that our members receive high-quality care at an affordable cost. While members are guaranteed an adequate network of providers, plans can differ in the scope of network available to members, and not all providers are in-network for all insurers.

As drafted, the amendments define a health insurer as a “responsible person” and then bans a responsible person from 1) directing or requiring a health care provider to prescribe or use certain medications or code a diagnosis, treatment or other intervention in a particular matter; 2) restricting a patient’s access to health care when the patient pays for a health insurance plan or policy; or 3) otherwise hindering or interfering with the professional medical judgment of the health care provider. As drafted, the bill does not distinguish between whether the insurer or other responsible party has any ownership interest in or contractual affiliation with the medical practice.

The amendments have the potential to reach into nearly every aspect of a contract between an insurer and a health care provider and upend this relationship in ways that would be detrimental to Oregonians. Insurers can no longer have meaningful provider networks, direct people to more affordable sites of care, or manage prescription drug costs. An insurer can also not question a provider’s judgment, even if they prescribe care that is contrary to established guidelines; or direct patients to the most expensive locations of care or to more expensive prescriptions when more affordable options exist for the patient. There are valid reasons for insurers to engage with a provider to ensure they meet the standard of care, consider patient cost, and follow other requirements that prevent fraud, waste and abuse. The provisions of this bill throw the proverbial baby out with the bathwater, disrupting the entire health care system as we know it and changing contracting in a manner that would raise health care costs and dismantle health systems.

Notably, the legislature is currently exploring more narrowly tailored concepts in other bills that would achieve many, if not all, the goals discussed in this bill. That includes a bill that would ban non-compete agreements in certain health care settings, and legislation enacting new

requirements to eliminate the corporate practice of medicine. Both these concepts were the product of over a year of discussions, and the sponsors are still working to ensure they carefully target the practices they seek to address while avoiding unintended consequences to the health care ecosystem. In contrast, this concept was released late Friday the week before the first hearing, which is one day before the scheduling deadline. There has not been adequate stakeholder engagement, and the bill is replete with the possibility of unintended consequences.

Notably, while enforcement of the bill lies with the Attorney General, the legislature should expect an immediate negative impact on the health care ecosystem should this bill pass. Insurers would need to quickly adjust premiums to reflect the changes required under the bill (open networks, no utilization management, no requirements for coding), which would significantly increase premiums and effectively make it impossible to manage insurance in the state. Health systems would have to make similar adjustments and see similar changes in practices.

Finally, it is important to note that the health insurance industry in Oregon is the most highly regulated player in the health care system. Insurers are subject to extensive regulation in terms of premium development, actuarial standards, network adequacy, utilization management, formulary development, contracting, and policy protections for members. There are also opportunities for agency and external review for any coverage decisions that a member disagrees with. Consumer advocates within DFR routinely investigate insurers, creating an additional sentinel effect, and recoup money for substantiated complaints against insurers. This bill does not enhance the consumer experience with health insurers, but rather risks worsening it as costs skyrocket and insurers are unable to protect consumers from unsafe, unnecessary, or unaffordable care.

As drafted, the amendments to HB 3234 are overly broad and vague in their drafting and are sure to have unintended consequences for Oregon's health insurance market and overall health care ecosystem. We strongly urge you not to move these amendments forward and recommend that



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you allow the legislative process to move forward other more fully vetted alternatives.

Please do not hesitate to contact me with any questions.

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