

Testimony on SB 28 -1 Amendment

April 4, 2025

Chair Patterson and Members of the Committee,

We are writing to share concerns about the -1 amendment to SB 28, which would require carriers to reimburse independent primary care practices the same as hospital-affiliated clinics for primary care services.

We do wish to thank the sponsor for highlighting an important conversation about elevating primary care reimbursement in Oregon. For too long, primary care practices have taken a secondary role as specialization and vertically integrated health systems have become more prominent. While we share the legislature's concern regarding the long-term viability of independent primary care practices and want to ensure that they can remain in our communities, there is a much larger conversation needed about primary care reimbursement, reimbursement generally, and the role competition may play in ensuring vibrant independent practices.

Unfortunately, this bill takes on too much at this juncture in the legislative session. As drafted, the solution advanced in the amendment will only serve to increase member premiums while not addressing system-wide conversations needed about how to ensure fair reimbursement rates for all primary care services, regardless of setting, and how to ensure fair reimbursement while not overly burdening health care premiums.

As we see more clinics being acquired by hospitals and charging higher hospital rates, we can understand how independent clinics want to achieve those same rates without the hospital affiliation. However, hospital rates may not be the best benchmark. Data shows that hospital prices are incredibly variable. Without meaningful competition, hospital systems have little incentive to offer economical prices to their patients. Oregon has a robust and competitive insurance market, however. Fewer systems and more insurers allow hospitals to demand higher rates. For example, lab tests are identical no matter the setting in which they are performed, yet in Oregon the average lab test costs over twice as much when it is performed in a hospital outpatient department compared to an independent lab or office. While we are sensitive to the challenges that independent primary care practices are facing, we have significant concerns with paying them based on hospital prices, which are often inflated and well above market rates for other providers.

We would welcome participating in an interim discussion about how to better support our independent practices while reducing the variability and cost inflation that can happen for primary care services in hospital affiliated clinics. However, this bill is advancing major

policy changes that will have a significant impact on rates and needs further development, a meaningful hearing, and more than three days of consideration before moving forward.

Please contact us if you have any questions.

Regence BlueCross BlueShield of Oregon

PacificSource Health Plans

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