

Chair Nosse, Vice-Chairs Javadi and Nelson, and members of the House Committee on Behavioral Health and Health Care:

My name is Linda Krygier. I am a resident of Philomath, Oregon and a long-time patient of The Corvallis Clinic. I retired from a local, non-profit health insurance provider in 2020. Prior to that, I was a business consultant and Senior Director for RSM McGladrey. Overall, my career spanned 30+ years which included over 20 years' experience negotiating and reviewing contracts and advising executives regarding business terms and conditions. It is with this background that I offer the following comments in support of SB 951.

During the public hearing on April 29, 2025, testimony was provided regarding the negative effects on the community resulting from the purchase of The Corvallis Clinic by Optum. This transaction was a perfect example of how organizations like Optum/United health use complex and opaque contracts to circumvent current rules regarding the corporate practice of medicine (CPOM) in Oregon and in many other states. SB 951 is designed to close these loopholes.

The "merger" of Optum Oregon MSO and The Corvallis Clinic was ultimately allowed under an emergency exemption after the Health Care Market Oversight (HCMO) program raised a number of concerns regarding the control that Optum Oregon MSO would have over The Corvallis Clinic's practices. As a member of the community, I had an opportunity to analyze the HCMO documents.

The HCMO summary document for the transaction that allowed Optum to take over the Corvallis Clinic described the proposed deal this way (emphasis added): "Optum Oregon MSO, LLC proposes to **acquire** The Corvallis Clinic. After the **purchase**, Optum Oregon MSO states it would **employ** the current physicians and other providers currently practicing at The Corvallis Clinic."

This language seems to clearly put this transaction out of compliance with existing CPOM statutes. HCMOs concerns regarding the transaction were expressed in a Supplemental Information Request. I reviewed the "Responses to Supplemental Information Request Re: Notice of Material Change Transaction involving Optum Oregon and the Corvallis Clinic, Transaction 018 December 22, 2023" and found multiple examples of Optum's intention to exploit loopholes in the current CPOM statutes to exert control over The Corvallis Clinic.

The sections excerpted below were questions and responses to HCMO's supplemental information request Item #2: "Provide a detailed description of all the administrative and management services Optum Oregon will provide to the Corvallis Clinic under the long-term administrative services agreement."

- a) General Administrative Services. “...real estate management and acquisition”
- *Based on this response, Optum Oregon LLC would have independent control over the acquisition and divestment of clinic facilities, including closing clinics and practices in unprofitable areas.*
 - *Control over facilities has the potential to impact the services offered, availability of care, and equitable distribution of care.*
- b) Enhancement of Care Delivery. “Optum Oregon shall assist the Corvallis Clinic regarding the assessment of the effects and efficiencies of the network’s evolving care delivery model...”
- *The Optum Oregon assessment is likely to rely heavily on profit margins and other financial effects and efficiencies rather than patient outcomes and availability of care.*
- c) Billing, Coding, Claims Processing, Accounting and Financial Management Services.
 “...Optum Oregon shall: ... have exclusive authority with respect to the establishment and preparation of the budgets...administer capitation and other distributions from plans...assist the Corvallis Clinic in administering and updating provider incentive compensation systems...provide coding support and billing and processing of claims...perform the purchasing function”
- *Clearly, having exclusive authority with respect to budgets will have a direct impact on treatment options and patient care.*
 - *Administering capitation and other distributions from plans means that Optum is able to influence medical decisions made by medical practitioners based on insurance plan reimbursement policies.*
 - *Any “assistance” that Optum may provide regarding incentive compensation systems is bound to heavily influence treatment decisions.*
 - *“Coding support” is insurance speak for up-coding. It would be in the interests of the parent company, UnitedHealth, if clinic claims included diagnosis codes that make patients appear sicker than they are. This is a tactic encouraged extensively by United Health Care Medicare Advantage plans (and others) as it increases the capitation received from Medicare. I saw an emphasis on and investment in coding reviews during my time working for the health plan.*
 - *Billing and processing claims gives Optum the power to give favorable treatment to insurance plans offered by its parent company, UnitedHealth.*
 - *If Optum is performing the purchasing function, they will have ample opportunity and incentive to favor products and services offered by subsidiary companies such as Optum’s Pharmacy Benefit Management services and Change Health’s claims and billing service. These decisions have a significant impact on the options available to physicians in treating clinic patients.*

- d) Budgets and Reports. "... assist the Board in establishing policies related to cash investment, tax planning, and other financial policies ...The Board shall retain sole fiduciary responsibility with respect to this Section (d), and shall make all decisions regarding investment and other financial policies.
- *Optum will likely favor policies that provide the best returns to its investors rather than emphasizing local investment in the community.*
- e) Contract Negotiation. "...assist the Corvallis Clinic in negotiating agreements with plans for reimbursement..."
- *Allowing Optum to be involved in negotiating agreements with plans for reimbursement is a clear conflict of interest given the relationship between Optum and United Health Plans.*
- f) Tax Returns. *No concerns*
- g) Claim Settlement. "The Corvallis Clinic acknowledges and agrees that Optum Oregon shall have discretion to compromise, settle, write off or determine not to appeal a denial of any claim for payment for any particular professional service rendered by providers. Further, the Corvallis Clinic agrees to hold harmless Optum Oregon and its officers, members of its board of managers, agents, contractors, representatives and employees, from and against any and all liability, loss, damages, claims, causes of action, and expenses associated therewith (including, without limitation, attorneys' fees) caused or asserted to have been caused, directly or indirectly, by or as a result of any acts, errors or omissions hereunder of Optum Oregon or any of its officers, members of its board of managers, agents, contractors, representatives and employees, in performing Optum Oregon's billing or collection duties hereunder."
- *This response is particularly alarming. Giving Optum the discretion to not pursue a denied insurance claim could be extremely harmful to the financial health of The Corvallis Clinic and represents an open invitation to treat United Health Plans favorably at the expense of the clinic and its patients.*
 - *The hold harmless clause in this response is a bright red flag with regards to how Optum is planning to handle claim settlement. Why does Optum feel the need to so vehemently avoid liability when it comes to handling claim denials?*