

April 3, 2013

Thank you for allowing me to speak today. My name is David Schlactus. I am the CEO of Hope Orthopedics of Oregon here in Salem. We have 17 orthopedic surgeons and see over 17,000 patients a year in our offices. We provide our patients with all musculoskeletal solutions, from general exams, to cast and braces, x-rays, advanced imaging such as MRI and as needed, surgery.

I wanted to comment today on SB 683 and specifically on the provision listed in Section 1, 10(b) which states, medical groups, be they urology groups, primary care groups, orthopedic groups, or any other specialty will be specifically prohibited from owning their own MRI, CT and radiation therapy services unless they group is comprised solely of radiologists.

We believe this provision is problematic and unneeded for the following reasons:

- Patient choice: MRI machines falls under federal Stark laws and the In Office Ancillary Services Exemptions (IOASE) portion of the law. However, under the Patient Protection and Affordable Care Act, practices are already required to provide in writing to patients at least 5 other suppliers that provide MRI, CT, or PET within a 25 mile radius. Patients are already given a choice of where to go, other than the physician owned MRI, CT, etc. By making it illegal for physicians to own MRI, you are limiting patient choice. For your help I have shared with you the brochures of Hope Orthopedics. If you turn to the back you can clearly see we list 8 other locations where our patients can obtain their MRI should they choose.
- Further, Insurance companies have the option of whom to contract with for certain services. If they choose to contract with a physician group for MRI, then they are giving their enrollees choice, and they (and the patient) are benefiting from a larger market. Patient choice and the ensuing market forces associated with patient choice allow them to keep their rates competitive.
- Insurance Oversight: A vast majority of Insurance companies require that a request for an MRI go through a stringent national standard MRI prior-authorization process to ensure that MRIs are done on appropriate patients. This step in and of itself limits any potential abuse. In addition, insurance companies have the data and information to know if a physician is over-referring any particular test and/or referring in an inappropriate manner. If that is occurring, then the insurance companies can step-in and regulate that particular physician or group.
- Without the ability to do our own MRI's, many of our patients will be sent to the hospital. We have documented proof that the hospitals in our community charge and receive almost double the cost and double the revenue that we do for providing the same service. This will dramatically INCREASE the cost of care at a time when we are being asked to be responsible stewards of the cost of care.
- Finally – the CCO's in the state have been charged with insuring that the care that is provided to Oregonians is appropriate and cost effective. While this currently applies to OHP patients only, we know that there is every likelihood that public employees and potentially commercial patients will be added to the mix. It would be counterproductive to the development of CCO's and their efforts to control the healthcare system if you were to strip them of their ability to decide, on a local basis, of how and when care should be provided in their community.

Thank you,

David Schlactus, CEO  
Hope Orthopedics of Oregon