



Concerns with SB 1067, Sections 29-34: Benchmarking provider reimbursement to Medicare

The Oregon Medical Association and our partners OR-ACEP, Oregon Association of Orthopedic Surgeons, Oregon Society of Anesthesiologists, and Oregon Academy of Ophthalmology are opposed to Sections 29-34 on SB 1067. This bill would tie the reimbursement for the care of Public Employee Benefit Board members to a percentage of Medicare. Utilizing Medicare rates as a standard for determining fair payment for in-network or out-of-network care is a flawed approach. Here's why:

- **First, it is important to note that Medicare amounts are politically derived for the purpose of reimbursing medical services for the elderly and disabled based on federal budgetary and regulatory constraints.** Such a methodology is not based on the actual costs of providing care, especially in emergency and rural settings.
- **Medicare rates were never designed to represent the fair market value of healthcare services or to even cover provider costs.** Not only do Medicare rates fluctuate based on variables unrelated to the services provided, such as the federal budget, the rates have not even kept pace with general inflation costs.
- **Using such artificially low Medicare rates for determining out-of-network reimbursement, will take away any incentive for insurers to negotiate fairly with physicians and bring them in-network.** Rather, it will be much cheaper for insurers to keep physicians out-of-network and it gives insurance companies enormous leverage in contracting.

We urge the committee to remove this portion of the bill before moving it forward.