



In favor of SB 734

Oregon History and Distinction

Naturopathic medicine is a practice of western, science-based medicine distinguished by an emphasis on disease prevention and health optimization. It utilizes both natural and pharmaceutical medicines, prescribing the least invasive interventions first when it is safe to do so. The Oregon Association of Naturopathic Physicians (OANP) was first established in 1909. Naturopathic physicians (NDs) have subsequently been licensed in the state since 1927. Naturopathic medicine enjoys an excellent patient safety record spanning 92 years of continuous licensure and board oversight in Oregon.

Medical Education and Training

In Oregon the medical education required to become a naturopathic physician includes a 4 year, full time program of didactic study and clinical experience. The comprehensive didactic covers basic medical sciences (anatomy, gross anatomy, physiology, microbiology, embryology, immunology and pathology), clinical laboratory science, pharmacology, nutrition and applied biochemistry, herbal medicine, minor surgery, physical medicine and spinal manipulation, and parenteral therapy and environmental medicine. Students receive in-depth training in the organ-system based clinical sciences. Clinical training is achieved in ambulatory settings. The National University of Natural Medicine (NUNM) Health Centers in Portland and Beaverton are tier 4 Patient Centered Primary Care Homes (PCPCH). The university also operates 8 additional community clinics in the Portland metropolitan area serving marginalized and vulnerable populations. NUNM also collaborates with both OHSU and Pacific University in shared clinical rotations. The naturopathic education prepares physician graduates to enter the workforce as a general practice, primary care provider upon licensure.

Whereas Medical Doctors (MD) and Doctors of Osteopathy (DO) have a one-year residency requirement for Oregon licensure, those physicians also enjoy a nearly universal graduate medical education opportunity of 3+ years in federally funded hospital residency and fellowship programs. Approximately 15% of newly graduated NDs are placed in privately funded residencies at graduation. Nurse practitioners have a residency situation similar to NDs.

Health Insurance is both a Monopoly and a Monopsony

The vast majority of Oregonians must utilize a third party payer in order to afford access to health care. Private health insurance carriers are financial intermediaries with monopoly power over the plans they sell. State law recognizes this monopoly power over subscribers, and consequently regulates carrier premiums and plan solvency.

Monopsony is a market situation in which a buyer controls the market. Insurers have this power over provider contracts. Large provider entities and highly specialized providers control monopolies over services insurers must purchase in order to have an adequate provider network. Large entities and specialties have a bargaining power against insurers' monopsony power.

Whereas large health systems have negotiating power with insurance carriers over reimbursement rates and other contract terms, small primary care professions like naturopathic physicians do not. The result is "take it or leave it" one-sided "adhesion contracts" where terms including reimbursement rates are dictated by the insurers. Naturopathic physicians, who mostly practice in small or individual practices, are left with only a binary choice with insurance contracts, to accept or not accept the terms offered to them by insurers.

Health Insurers Have an Antitrust Exemption, Naturopathic Physicians Do Not

This one-sided economic power dynamic is made even worse by antitrust law and Supreme Court precedent. Through the McCarron-Ferguson act, insurance carriers are granted an antitrust exemption to share information amongst competitors regarding the “business of insurance.” At the same time, the US Supreme Court in *Arizona v. Maricopa County Medical Society*, 457 U.S. 332 (1982) ruled that independent health care providers organizing for the purposes of collective bargaining and economic pressure on insurers are acting in violation of antitrust law.

Evidence Health Insurers Have Collaborated Against Naturopathic Physicians

Both the Affordable Care act in section 2706, and ORS 743B.505 mandate that health insurers may not discriminate against network participation of providers licensed by the state. Variations in reimbursement rates are allowable based on “quality and performance measurements.” Provider license type is neither a quality, nor a performance measurement. Lowering reimbursement rates based solely on provider license is an act of discrimination.

The transaction records found in Oregon’s All Payer, All Claims (APAC) database form prima facie evidence that insurers have communicated a consensus that nothing compels them to reimburse or bargain fairly with naturopathic physicians in the contracts they offer. No major private insurer in Oregon pays NDs at market rate when performing the same services. Non-negotiable reimbursement rates assigned by carriers to naturopathic physicians range from 15% to 75% of the median market rate revealed in the APAC data. Payments for transactions with naturopathic physicians aggregated for all private insurers are ~60% of the market median found in APAC.

The Harm Done to Oregon, Its Citizens, and Naturopathic Physicians

Oregon has a chronic shortage of primary care providers to serve the needs of its citizens. Oregon Health Authority indicates ~\$41 million is invested every biennium on direct grants and tax credits to incentivize the recruitment and retention of primary-care providers in underserved communities. These incentives include scholarships and loan repayments to naturopathic physicians. Economic marginalization of naturopathic physicians by health insurers contradicts, and undermines the state’s investment in achieving these access goals for its citizens.

The citizens of Oregon require access to primary care, and a right to choose the approach to care that best supports their desires for health. Naturopathic medicine provides a distinct choice for them to make. Economic marginalization of naturopathic physicians by insurers makes that choice untenable when the physician is financially distressed, with their medical practice constantly hanging by a thread.

Becoming a naturopathic physician for the purpose of serving and aiding others is a significant investment of years of life, hard work, and finances. The typical student debt for newly graduating NDs is in excess of \$250,000. The cost of suitable office space, the pay and benefits of qualified staff, and other expenses to outfit and operate a primary care clinic are no less for NDs in the same geography as for any other primary care provider type. Operating a clinical practice and supporting a household with a gross reimbursement rate at 60% of market norms creates great financial distress that inhibits access to primary care.

Mandated Private Insurance Pay Parity for Naturopathic Physicians is the Solution

The economic power dynamics and history of accumulated evidence are clear. Insurers are only going to contract fairly with NDs when there is a permanent, enforceable state law that unambiguously requires them to do so. Nurse practitioners and physician assistants already have this protection from laws passed in 2013 and 2016.

This bill takes effect immediately upon passage. For the health insurers this timing arrives outside of their customary financial planning cycle. While we respect this may cause some inconvenience in their 2019 financial management, that inconvenience pales compared to the hardships individual NDs are currently suffering, and have been long suffering by these unjust reimbursement practices.

Health insurers have had at least since the passage of the ACA and its effective date of January 1, 2014 to consider and anticipate that their annual budgeting should include market reimbursement rates to naturopathic physicians for the primary care services provided to their Oregon subscribers.