
Health Care Market Oversight (HCMO)

House Interim Committee on Behavioral Health & Health Care

November 8, 2023



Consolidation in health care

and why it matters

Consolidation is when 2+ companies combine

Consolidation in **health care** can involve entities such as:

- Hospitals
- Insurers
- Clinics
- Health systems
- Other companies involved in delivering health care

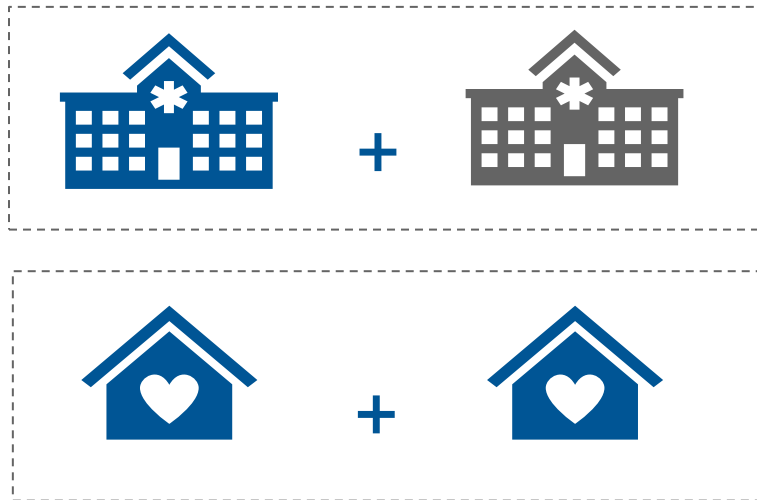
Consolidation can occur through different types of business deals:

- Mergers
- Acquisitions
- Joint ventures
- Partnerships
- Affiliations

Consolidation can be...

Horizontal

between companies that offer similar services or products.



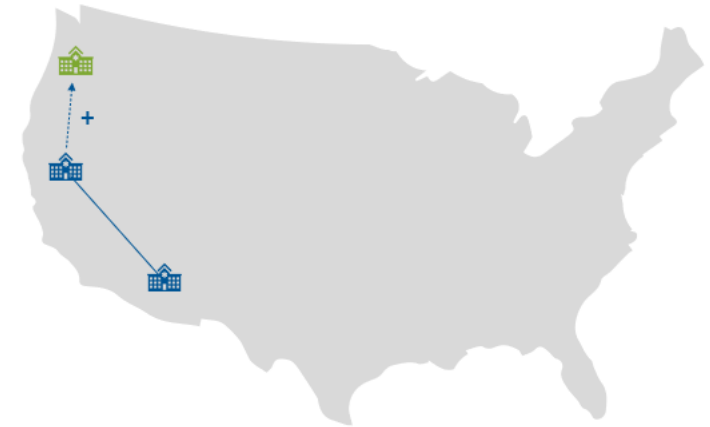
Vertical

between companies that offer different services or products.



Cross Market

between companies that operate in different states or regions.



Consolidation can result in...

Higher prices

Consolidation can lead to higher prices for products & services, higher insurance premiums¹

No improvements to quality or outcomes

Consolidation may reduce quality of care in some cases, e.g., by increasing use of low-value procedures²

Changes to services

Consolidation can impact the type, location, and staffing of services, particularly in rural areas³

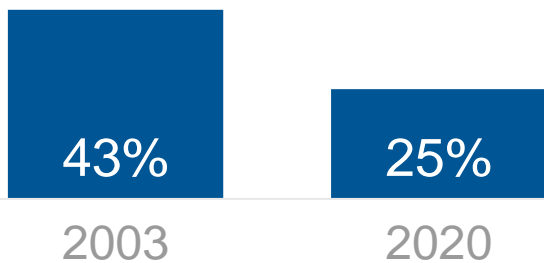
1. Curto et al, Health Affairs, 2022
2. Young et al, Health Affairs, 2021
3. Mosher Henke et al, Health Affairs, 2021

Consolidation in Oregon



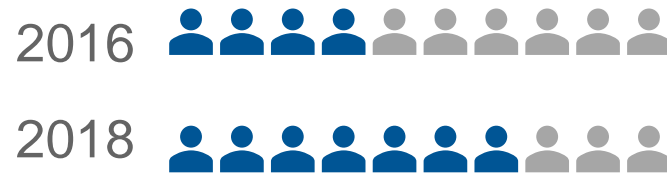
Most hospitals are affiliated with or owned by health systems.

In 2003, 43% of Oregon hospitals were independent; by 2020, this decreased to 25%



Most physicians in the Portland area work for health systems.

In 2016, 39% of Portland metro physicians worked for health systems. In 2018, 71% worked for health systems.



Oregon's insurer market is **not** highly concentrated.

As of 2017, Oregon was the only state where no metropolitan statistical areas (MSAs) exceeded the threshold for a "highly concentrated" commercial payer market.

Potential impacts for people in Oregon



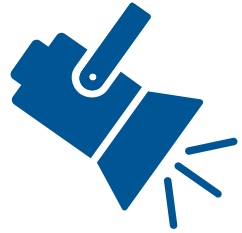
- Higher personal spending on health care
 - Forgoing care & medications
 - Medical debt
- Higher costs for employers slows wage growth
- Fewer choices for obtaining care
- Fewer options for health care employment
- Some communities or populations experience impacts more than others, potentially exacerbating health inequities

Oregon's Health Care Market Oversight Program

and how it works

Through the **Health Care Market Oversight (HCMO)** program, the Oregon Health Authority reviews proposed health care business deals to make sure they support statewide goals related to cost, equity, access, and quality.

The Health Care Market Oversight program aims to...



Promote transparency

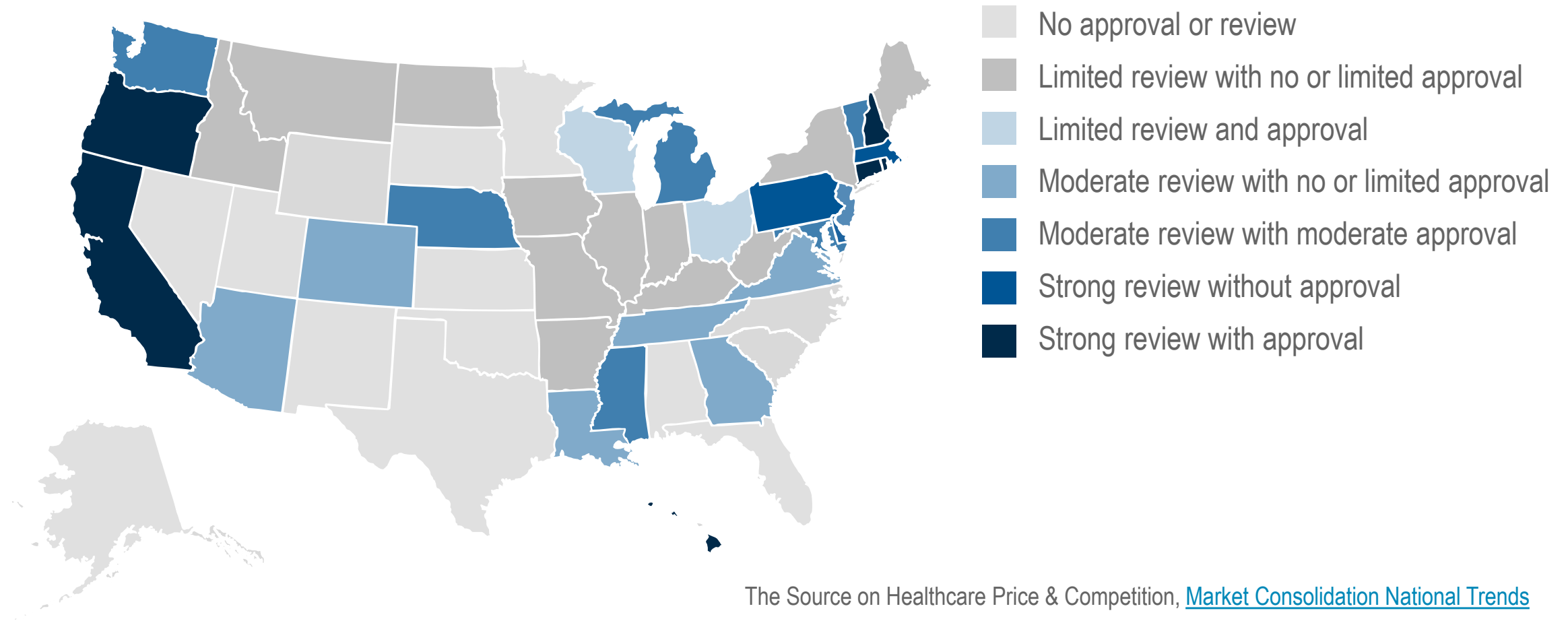


Support statewide priorities



Monitor and study impacts

Oregon has one of the strongest market oversight programs in the nation



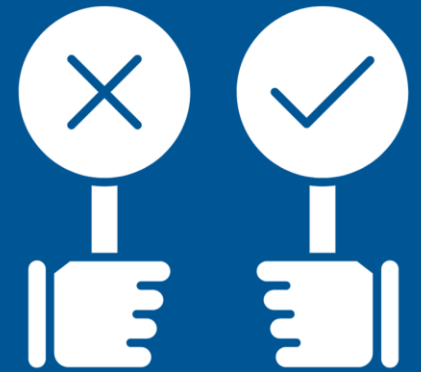
The Source on Healthcare Price & Competition, [Market Consolidation National Trends](#)

What authority does OHA have?

For each proposed deal, OHA may:

- Approve
- Approve with conditions
- Disapprove

For deals that involve a domestic health insurer, OHA provides a recommendation to DCBS.



Background



HB 2363 (2021)



Administrative
Rulemaking



Program Launched
March 1, 2022

Codified into statute as [ORS 415.500-415.900](#)

HCMO permanent rules: [OAR 409-070-0000 through 0085](#)

What transactions are subject to review?

What entities are subject to review?

HCMO applies to transactions involving **health care entities**. This includes entities that:



Provide health care, like hospitals, doctor's and dentist's offices, health plans, and medical groups.

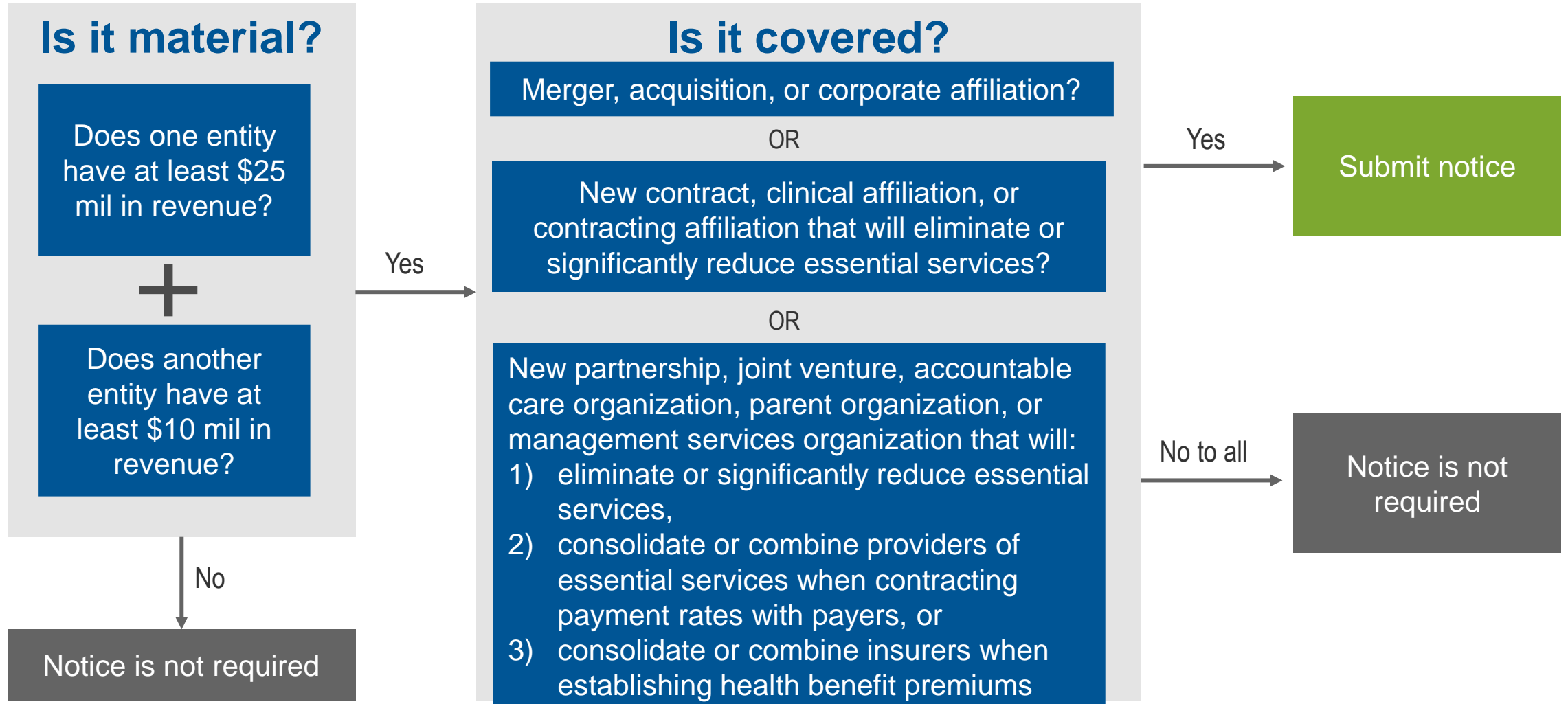


Help administer health care, like pharmacy benefit managers and management services organizations.



Control a health care company, like private equity firms.

What transactions are subject to review?



Not all transactions are subject to review

Safe Harbor Exemptions

- Transactions in which one of two entities involved is a solo practice and the transaction is the direct result of either the death or retirement of the provider in the solo practice.
- Transactions approved in writing by OHA between July 27, 2021 and Feb 28, 2022.

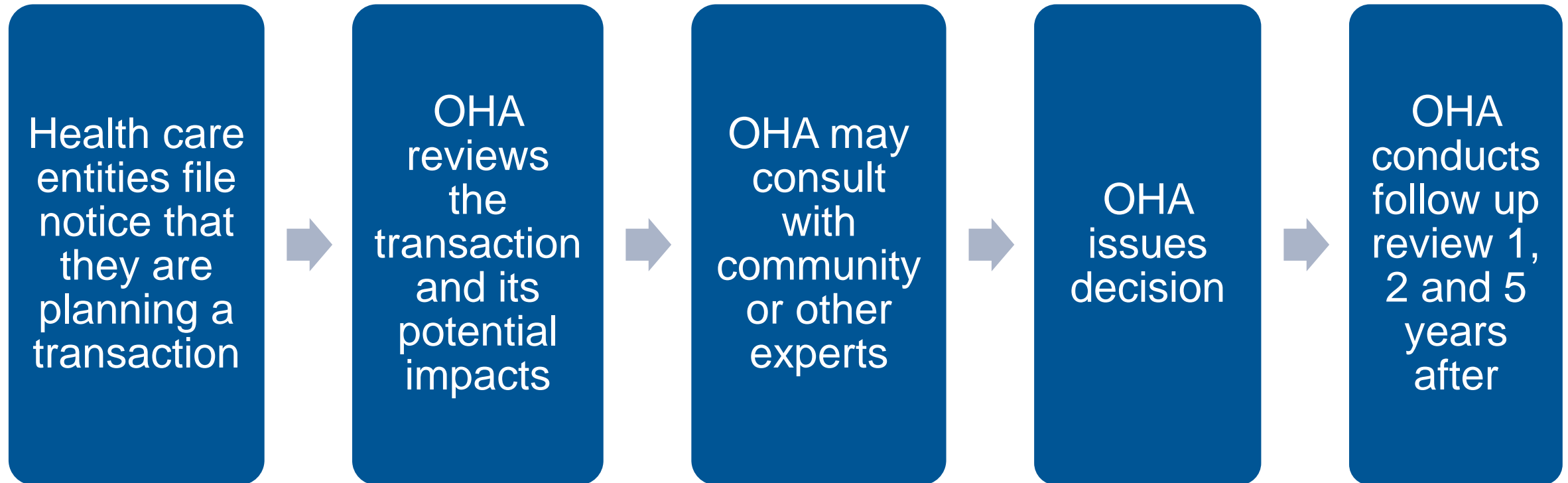
NOT Subject to Review (partial list)

- Clinical affiliations for the purpose of collaborating on clinical trials or GME programs
- Medical services contracts
- Affiliation that does not impact corporate leadership, governance or control of an entity and is necessarily to adopt advanced VBP methodologies to meet cost growth targets
- Transactions involving Federally Qualified Health Centers

<https://www.oregon.gov/oha/HPA/HP/HCMOPageDocs/HCMO-Safe-Harbor-and-Excluded-Transactions.pdf>

How it works

HCMO Review Process



During reviews, HCMO looks at how a proposed transaction could affect:



Health care costs



Access to care



Quality of care



Health equity

Reviews are guided by the [framework adopted by the Oregon Health Policy Board](#) and the [HCMO Analytic Framework](#).

There are multiple opportunities for the community to engage on proposed transactions

Transparency

All notice of proposed transactions are posted online
OHA sends out public notice

Public Comment

OHA accepts public comment for each proposed transaction and incorporates in the review

Community Review Boards

Community members who might be impacted by a proposed transaction share their experience and concerns

OHA conducts follow-up reviews one, two, and five years after a transaction closes

What has happened since the transaction closed?

Compliance with approval conditions

Cost and cost growth trends

Impact on cost growth target

Compliance with commitments included in the notice

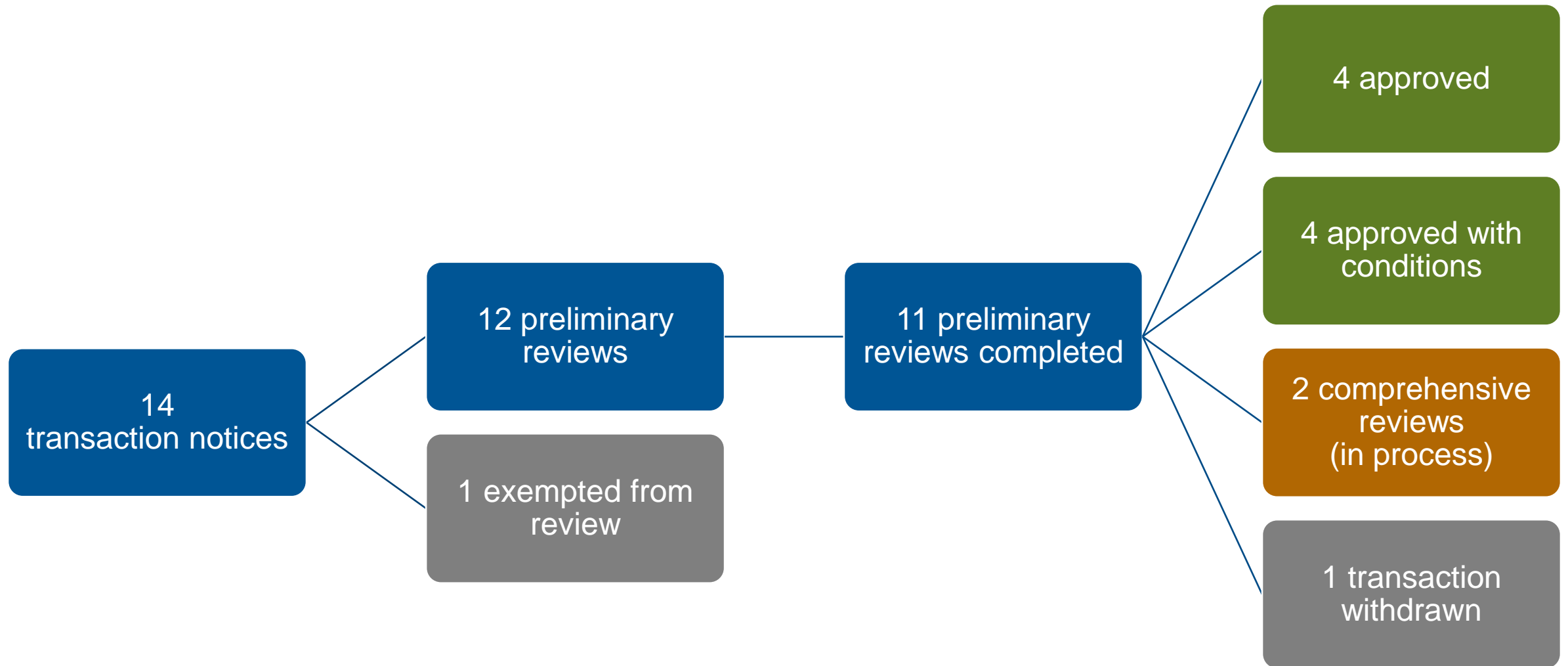
Impact on access

Impact on quality

Impact on equity

HCMO Reviews

Since HCMO launched in March 2022



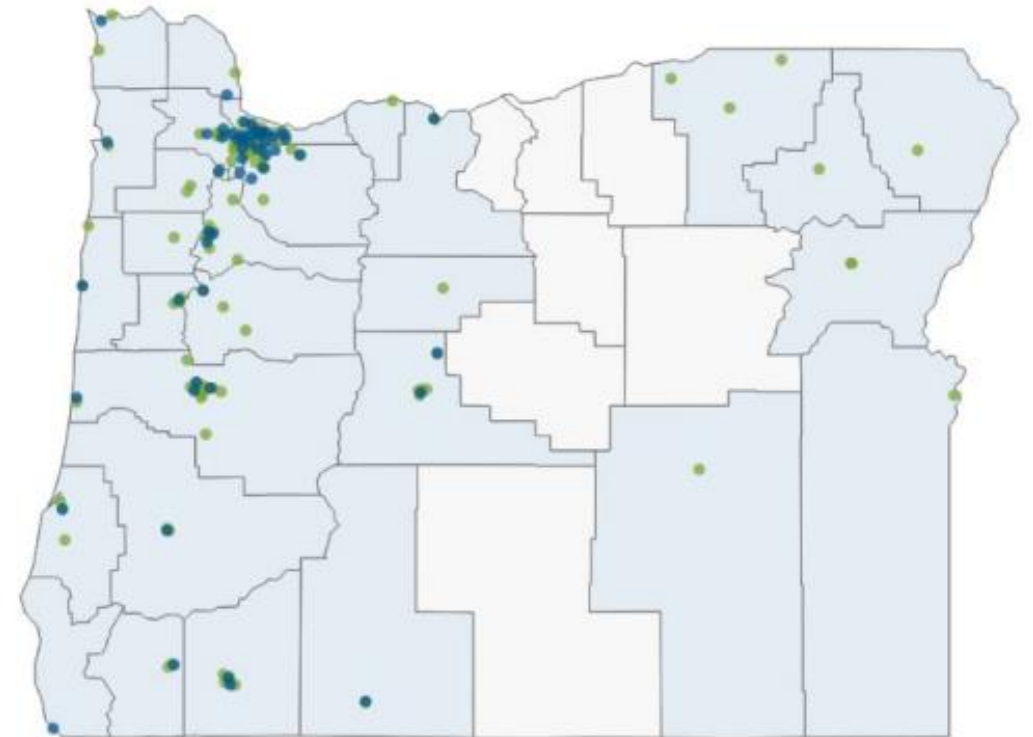
As of Oct 27, 2023

Current Transaction Reviews:

013 Kroger-Albertsons

- Kroger plans to acquire Albertsons
- HCMO is reviewing for effects on prescription drug services
- Potential to impact a large number of people in Oregon
- Potential to significantly impact access to care

Map showing Oregon counties with a Kroger or Albertsons pharmacy location.



Current Transaction Reviews: 008 SCAN Group - CareOregon

- SCAN Group and CareOregon hope to create a non-profit organization to serve Medicare and Medicaid members across multiple states.
- As this transaction involves a domestic carrier and a CCO – it is also undergoing Form A review with OHA and DCBS.



<https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-transaction-notice-and-reviews.aspx>

For More Information

Health Care Market Oversight Website

<https://www.oregon.gov/oha/HPA/HP/Pages/health-care-market-oversight.aspx>

Transaction Notices and Reviews

<https://www.oregon.gov/oha/HPA/HP/Pages/HCMO-transaction-notice-and-reviews.aspx>

Contact Us

HCMO.info@oha.Oregon.gov