SB951 Testimony
3/4/25

Chair Sen. Patterson and members of Senate Health Care Committee

My name is Tony Germann. I am a rural family doctor and clinic medical director practicing in the Willamette valley. I serve as a member and Vice-Chair of the Oregon Health Policy Board. My comments today represent my personal beliefs but are supported by the insight I have working in these arenas.

I am writing in support of SB951 to strengthen Oregon's corporate practice of medicine laws. This is a necessary piece of legislation to protect the patients and the caregivers that have dedicated their careers to deliver personal and compassionate care.

The research is clear that the corporatization of medical practices leads to worse patient outcomes, higher costs, and less physician independence.

I suspect a number of out-of-state individuals will be flying in from around the country. Let's be clear on why they are here. They have led medicine in a direction that suits their purposes. I would argue that path has demonstrated disruption to the fabric of medicine's oath to do no harm. Instead, their motives are driven by profit in which they seek to maximize their bottom lines; leading to the denial of medically necessary care, cutting critical support staff, and pushing patients toward high-margin, low-value treatments. As leaders and representatives of this state, I encourage you to listen to the people of Oregon affected by the decisions of our recent history. Listen to the research and evidence. We should ask the question if out-of-state equity investors are the best stewards of control over the practice of medicine in Oregon, rather than practicing local physicians.

Oregon has become part of an accelerating national trend in private equity ownership of medical clinics across this country. We are caught up in the wave of consolidation of care.

Vertically integrated insurance companies and private equity firms do their jobs well. I take no issue with them creating returns on investments for their shareholders, but when they enter between my decision making of what is best for a child or family, I draw the line. We need safeguards delineating between their business operations and clinical care.

Unfortunately, the recent track record demonstrates a dereliction of duty as they have expanded their market share in healthcare. Their primary duty, from case study and research, is not to patients or communities, but to shareholders and investors, with financial returns as their primary objective. Unlike physicians, they are not bound by an oath to prioritize patient welfare, nor do they bear the ethical responsibility of making clinical decisions in the best interests of those they serve. Without strong protections like those outlined in SB 951, these corporate entities will continue to expand their influence over medical decision-making, eroding the

corporate practice of medicine doctrine and putting profits ahead of the health and well-being of our communities.

Examples in our own backyard:
UnitedHealthcare/Optum takeover of the Oregon Medical Clinic:
Clear increase in cost to the community and illustration of the unsavory practices that the corporate practice of medicine leads to pushing out providers.
https://www.opb.org/article/2025/01/25/oha-flags-eugene-based-medical-group-2-insurers-for-excessive-spending/
"Oregon Medical Group's privately insured patients' costs increased by nearly twice the target. OMG was purchased by Optum, the largest employer of physicians in the U.S., in 2020. Since then it's lost more than 30 physicians and dropped potentially thousands of patients."

Tillamook Dialysis Center, which is formerly owned by PE-backed US Renal Care
11 local residents dependent on life saving dialysis left without clear next steps for this medical support.
https://www.tillamookheadlightherald.com/news/dialysis-center-closure-leaves-patients-scrambling/article_878b60c8-c207-11ee-957b-6b50e4e99c90.html
"These are decisions that companies are making and they're being made without a lot of weigh-in from the medical specialists, and that's the way the medical system works in our country," Kassakian said.

This is not a controversial bill. The merits of the prohibition of the corporate practice of medicine date back many decades and for clear reasons. Clinical providers should maintain decision making that is evidenced based and supported by their training, not influenced by entities with maligned incentives of profit maximization. The shareholders, I am accountable to, are our mothers, fathers, daughters, family members and friends. I must ensure they return home in good health. However, in the healthcare landscape, we are finding this is not the shared goal of many companies entering the market. We must support the practice of medicine and safeguard the integrity of the relationship between patient and provider. The delivery of care must not be influenced by outside entities that leverage their market power in the interest of making more profits. Professional boards are being stripped of their ability to authorize someone to practice medicine in our state. I don't believe corporate entities should license the practice of medicine. We don't let just anyone perform surgery, intubate a patient, or write for insulin. Yet, behind the scenes decisions are being made that influence these practices.

Corporate practice of medicine (CPOM) laws have existed for decades. These laws are based on the understanding that there is an intrinsic conflict between a physician's professional obligations of care to their patients and the profit-oriented obligations of corporations to maximize returns to their shareholders.

SB951 closes loopholes in Oregon's CPOM doctrine, blocking corporations or private equity investors from owning or indirectly controlling medical practices and the decisions of healthcare providers. SB951 also limits corporate owners from enforcing non-compete/non-disclosure

agreements and non-disparagement clauses for specific providers. These are increasingly common practices that leave doctors handcuffed and unable to speak out about harmful conditions or start their own independent practice. These practices have already forced some doctors to move out of Oregon.

Cutting corners is not an ideal way to practice medicine. Yet these tactics are becoming more clear in medicine from private corporations and private equity. If the model is to deliver short term financial goals, the methods by which this is accomplished is important. Research demonstrates practicing medicine in this manner leads to poorer health outcomes. When we permit the ownership to be composed of investors focused on more quick turnarounds to sell a practice rather than ensuring the makeup of that ownership is clinical providers, we forgo the normal checks and balances to ensure good clinical care is delivered. Providers trained in medicine should be leading these decisions. Instead we find in research, these practices of cutting corners leads to reductions in staffing, employing personnel with less training to perform skilled jobs, shorter appointments, eliminating care that is not profitable and we find pressure to do more unnecessary procedures. Making healthcare affordable and more efficient should be our goal. Not creating more work with less time to do it in and with less trained staff and resources.

The topic of healthcare provider burnout and moral injury is entirely relevant to this conversation. We need more primary care providers. The threat of providers leaving medicine is sobering. We already struggle recruiting providers to a rural practice like mine. Imagine if we allow more and more practices to become gobbled up. More providers will steer away from practices owned by companies that push them into unsafe scenarios with shorter times to see patients with less support staff.

I urge your support of SB951

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