



March 28, 2025

Representative Rob Nosse, Chair
Representative Cyrus Javadi, Vice-Chair
Representative Travis Nelson, Vice-Chair
House Committee on Behavioral Health and Health Care
Oregon Legislative Assembly
900 Court St. NE
Salem, OR 97309

Re: Concerns with House Bill 3134 (Base Bill and -1 Amendment)

Chair Nosse, Vice-Chairs Javadi and Nelson, and Members of the Committee:

The PacificSource companies are independent, not-for-profit health insurance providers based in Oregon. We serve over 600,000 commercial, Medicaid, and Medicare Advantage members in three states. PacificSource Community Solutions is the contracted coordinated care organization (CCO) in Central Oregon, the Columbia River Gorge, Marion & Polk Counties, and Lane County. Our mission is to provide better health, better care, and better value to the people and communities we serve.

We write to express our opposition to the base bill and the proposed -1 amendment posted on OLIS, but we are working with the proponent on an amendment that we believe can further add to the balance of consumer protection and patient safety considerations since 2019.

Prior authorizations are a legitimate and necessary way to ensure that providers and payers are partnering with each other to promote patient safety and prevent inappropriate utilization of medical services or medications. Ideally, prior authorizations would help the partners work together to figure out the most cost effective and clinically appropriate treatments while minimizing administrative burdens.

Prior authorizations, like much of insurance, is heavily regulated for the health plans covered by the state's Insurance Code. This Assembly has devoted much time and effort to passing prior authorization and utilization management bills. Although the Assembly has enacted prior authorization bans or limitations in specific bills, the two main reform bills passed in 2019 and 2021.

- In 2019, the Assembly enacted Senate Bill 249,¹ which established clearer timelines for prior authorization requests – a carrier must respond to nonemergent requests within two business days and must answer within fourteen days if the carrier requests more time to make a decision. The Act also prohibited insurers from engaging in a pattern or

¹ 2019 Or Laws ch 284.

practice of denials without just cause and added prior authorization practices to the unlawful claims settlement practices act.

- In 2021, the Assembly enacted House Bill 2517,² a more sweeping bill that required reporting to DCBS on prior authorization data, modified the appeals and grievance process to ensure that independent reviews be conducted by a clinician who is of the same type who prescribed the treatment, requires plans to post information on what treatments are subject to review, limits how often we can change criteria, and made many changes to step therapy and utilization management of drugs.

Prior authorizations, when properly applied, can help members avoid inappropriate care. Providers, like anyone else, are human, and may make mistakes, operate with limited information, or unfortunately take advantage of others. When the prior authorization process becomes imbalanced, our members can suffer.

- In Montana, a state in which we operate, ProPublica highlighted a case of a Helena-area oncologist provided treatments that were, to put it mildly, not clinically indicated or necessary. One individual, who ended up not having cancer at all, received nine years' worth of unneeded chemotherapy.³
- In Washington, the US Attorney for Washington settled with a provider for medically unnecessary neurosurgery procedures, to the tune of \$22 million.⁴
- And finally, no more than five blocks away from the Capitol building, a provider was sued for unnecessary care prompted by misdiagnoses that led to unnecessary chemotherapy.⁵

We cannot help but acknowledge the frustrations providers can experience. We do maintain this is an area that requires careful and deliberate changes to maintain the balance to ensure patients are not burdened with unnecessary care but are receiving the right care at the right time. We think an upcoming -2 amendment, if parties agree was acceptably drafted, may add to the work Oregon has already done to regulate prior authorizations done under the Insurance Code and maintains that balance of consumer protection and patient safety considerations.

Thank you for your consideration of our concerns.

Sincerely,

/s

Richard Blackwell
Director, Oregon Government Relations

² 2021 Or Laws ch 154.

³ J. David McSwane, "I Thought He Was Helping Me": Patient Endured 9 Years of Chemotherapy for Cancer He Never Had, ProPublica (Dec. 20, 2024) (available at <https://www.propublica.org/article/anthony-olson-thomas-weiner-montana-st-peters-hospital-leukemia>).

⁴ US Dept. of Justice, *Providence Health & Services Agrees to Pay \$22.7 Million to Resolve Liability From Medically Unnecessary Neurosurgery Procedures at Providence St. Mary's Medical Center* (April 12, 2022) (available at <https://www.justice.gov/usao-edwa/pr/providence-health-services-agrees-pay-227-million-resolve-liability-medically>).

⁵ Jake Thomas, *Tenth lawsuit claims Oregon lab's testing caused women harm from unneeded chemotherapy*, The Lund Report (September 17, 2024) (available at <https://www.thelundreport.org/content/tenth-lawsuit-claims-oregon-labs-testing-caused-women-harm-unneeded-chemotherapy>).