

OREGON MEDICAL ASSOCIATION



MEMORANDUM

To: Senator Khanh Pham, Co-Chair, Joint Committee on Information Management and Technology
Rep. Nancy Nathanson, C Co-Chair, Joint Committee on Information Management and Technology
Members of the Joint Committee on Information Management and Technology

From: Courtney Dresser, Vice President of Government Relations

Date: February 6, 2026

Re: OMA Comments on HB 4054

The Oregon Medical Association (OMA) represents and advocates for more than 7,000 physicians, physician associates, and medical and PA students across Oregon. Our mission is to support our members in their efforts to practice medicine effectively, improve the health of Oregonians, and provide the highest quality patient care.

Thank you for the opportunity to submit testimony in support of HB 4054 on behalf of Oregon clinicians.

HB 4054 addresses a growing problem in health care that directly affects both patients and the clinicians who care for them: the use of artificial intelligence (AI) and automated systems by insurers to downcode claims for reimbursement meaning they reduce the visit to a lower-paying level —often without notice, explanation, or a clear path to appeal.

Clinicians across Oregon are increasingly reporting that payment for care they already provided is being reduced after the fact, frequently without any review of the medical record. In many cases, insurers use automated tools to change Evaluation and Management (E/M) codes or apply batch adjustments across multiple claims based on population averages, rather than reviewing the individual care provided to a specific patient.

E/M coding reflects how complex a patient's care was and the amount of clinical work required during a visit. Since reforms to E/M coding took effect in 2021, physicians select visit levels based on medical decision-making or total time spent caring for a patient—changes that were intentionally designed to reduce unnecessary documentation and allow clinicians to focus more on patient care. Despite this, insurers increasingly use AI-driven tools to routinely reduce payment for higher-level visits, even when documentation clearly supports the code billed.

In practice, this means a clinician may manage multiple chronic conditions, review diagnostic tests, adjust medications, and engage in complex decision-making with a patient—only to later have an algorithm decide that the visit should be paid at a lower level. These changes are often made without requesting or reviewing the clinical record and, in some cases, altering the billed code on the reimbursement form itself, making downcoding difficult for clinics to even detect.

When clinics do identify downcoding, they are forced into lengthy and repetitive appeals processes. Staff must track affected claims, gather documentation, submit appeals, and follow up repeatedly—sometimes for weeks or months—just to be paid accurately for medically necessary care already delivered. Recent survey data from Oregon practices shows that nearly 80 percent of clinics were not notified when claims were downcoded. Some practices report spending up to 40 staff hours per week tracking these adjustments.

This administrative burden has real consequences for patients. Time spent disputing claims is time not spent coordinating care, expanding access, or supporting patients with complex needs. Smaller and independent practices are particularly vulnerable, and these pressures can ultimately limit patient access to care—especially for communities with higher medical complexity.

HB 4054 does not prohibit insurers from using artificial intelligence. It simply requires transparency. The bill ensures that when AI or automated tools are used to downcode a claim, providers are notified promptly, given a clear explanation, and informed of their appeal rights. This is a reasonable, balanced approach that supports accountability without restricting innovation.

At its core, HB 4054 is about fairness, transparency, and patient care. Clinicians support appropriate oversight and billing accuracy, but that oversight must be grounded in clear communication and good-faith collaboration. Every hour spent navigating opaque payment practices is an hour taken away from patients.

For these reasons, Oregon physicians and PAs respectfully urge your support for HB 4054.

Thank you for your time and consideration.

