



February 5, 2026

Re: Support for HB 4054

Co-Chairs Pham, Nathanson, and Members of the Committee,

My name is Mel Davies, and I am writing on behalf of Oregon Specialty Group, a physician-owned, multi-specialty practice providing oncology, rheumatology, infectious disease, and infusion services to patients across the Mid-Willamette Valley and Central Oregon Coast. We urge your support of HB 4054, which promotes transparency in the claims review process by requiring insurers to disclose when artificial intelligence (AI) is used to downcode claims and to clearly communicate the associated appeals process.

Downcoding happens when a clinic or provider treats a patient and submits a claim for reimbursement, but the insurer later reduces the billed level of service, resulting in lower reimbursement. Recently, some insurers have started to downcode large batches of claims using artificial intelligence technology.

The lack of transparency around this process and technology makes it difficult for practices like ours to track when claims have been downcoded, creating operational challenges such as:

- Significant staff time dedicated to uploading medical records and preparing appeals
- Repeated communication with insurers and third-party vendors to understand payment changes
- Unclear audit criteria and unpredictable outcomes that make it difficult to reduce rework and administrative burden

In our experience, this administrative burden is driven primarily by Medicare Advantage plans, underscoring the importance of clearer insight into claims review practices. We have also observed inconsistencies in review outcomes. When determinations appear to rely on AI or automated processes, they are typically upheld. When claims receive manual review, they are more often overturned and paid appropriately.

HB 4054 does not prevent insurers from reviewing claims or using artificial intelligence. Rather, it establishes a transparent framework so providers are informed when these tools are used and understand how to effectively navigate the appeals process.

Greater transparency supports fair and accountable reimbursement practices, reduces avoidable administrative strain, and ultimately allows healthcare providers to focus their time and resources where they belong, on patient care. We respectfully urge your support of HB 4054.

Sincerely,

Mel Davies
President, Oregon Specialty Group