

Submitter: Elizabeth Lieberman  
On Behalf Of:  
Committee: Joint Committee On Information Management and Technology  
Measure, Appointment or Topic: HB4054

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

My name is Dr. Elizabeth Lieberman, and I am an orthopaedic surgeon born and raised, educated, and currently practicing in Oregon. I am writing to respectfully urge your support of House Bill 4054.

HB 4054 addresses a growing and important issue in health care reimbursement: the lack of transparency surrounding automated claim downcoding. Downcoding occurs when a physician treats a patient, submits a claim for reimbursement, and the health insurer subsequently reimburses that claim at a lower-level code. Historically, when claims were downcoded, there was a clear review process and identifiable rationale. More recently, however, some insurers have begun downcoding large volumes of claims using artificial intelligence or other automated systems. These decisions are often made without clear notification, explanation, or an obvious pathway for appeal.

This lack of transparency creates significant administrative burden for physician practices and health systems. Clinics frequently do not know when a claim has been downcoded, why it was changed, or whether the decision was made by a person or an algorithm. As a result, staff must spend substantial time manually reviewing payments, identifying discrepancies, and navigating appeals—time and resources that would be better spent on patient care.

I am a partner and owner of my practice, Orthopaedic and Fracture Specialists. My practice employs a large staff of coders and billers, who work tirelessly to ensure we accurately submit claims. This is no small feat when considering the different rules and processes employed by different insurers. We do not have a process for automatically submitting claims because we are caring for individual patients and must make sure that we document, code, and bill for the unique problems and treatments each patient has. Automatic downcoding now requires us to follow up on individual claims to ensure they are processed accurately. This follow up requires additional hours of staff time to investigate claims and appeal when necessary. With increasing use of AI and automatic systems for downcoding, the burden of follow up is increasing and without clear notification some downloaded claims can go unnoticed resulting in discrepancies in anticipated and actual reimbursement.

I believe that there should be transparent processes on the front and back end of claims submission. HB 4054 does not interfere with insurers ability to downcode, nor

does it aim to prohibit the use of artificial intelligence or automation in claims processing. Instead, it establishes reasonable guardrails by requiring timely notice, a clear explanation of the reason for downcoding, and an accessible appeals process when automated systems are used. This is a commonsense transparency measure that supports fairness, accountability, and trust between insurers and providers.

I respectfully urge the committee to support HB 4054 and help ensure that emerging technologies are implemented in a way that is transparent, responsible, and respectful of both patients and clinicians.

Thank you for your time and consideration.

Respectfully submitted,  
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