

Subject: Support for HB 4028 – Behavioral Health Audit Reform & Parity Transparency

Dear Chair and Members of the Senate Committee on Early Childhood and Behavioral Health,

On behalf of the Oregon Counseling Association (ORCA), we write to provide our support of House Bill 4028, the 2026 Behavioral Health Protection Bill. This legislation has passed out of House committee unanimously and is expected to receive strong bipartisan support on the House floor. We respectfully ask the Senate to follow suit.

HB 4028 addresses a pressing structural issue in Oregon's behavioral health system: the disproportionate power insurers and coordinated care organizations hold over small behavioral health practices through post-payment audits and recoupment processes.

Behavioral health providers in Oregon are overwhelmingly small businesses. Audits are an appropriate accountability tool when applied fairly. However, current practices often involve unclear documentation standards, shifting requirements, extended lookback periods, and aggressive recoupment timelines. These conditions create financial instability and fear among providers — particularly those serving Medicaid clients — and have driven many clinicians away from insurance participation entirely.

HB 4028 establishes clear guardrails while preserving appropriate fraud enforcement. Specifically, the bill:

- Requires insurers to provide detailed, plain-language written audit and documentation standards in advance
- Prohibits recoupment when insurers fail to provide required written standards
- Limits the commercial lookback window to 12 months (with extended timelines only in cases of suspected fraud)
- Limits Medicaid lookback to **three years** (as amended), absent fraud
- Requires audits to be completed within 180 days
- Prohibits recoupment based solely on clerical errors and allows time to correct documentation
- Allows repayment plans of up to three years
- Prohibits compensation structures that incentivize auditors to maximize recoupment
- Strengthens parity reporting and transparency around medical management practices

Importantly, the bill recognizes that commercial insurers and Medicaid entities operate under different regulatory structures and therefore creates distinct but parallel standards for each.

At a time when Medicaid funding uncertainty and insurance market instability threaten access to care, Oregon cannot afford to lose more behavioral health providers due to unpredictable audit practices. Stabilizing audit processes is a workforce protection strategy. It ensures providers can participate in insurance networks without disproportionate financial risk, thereby protecting patient access.

HB 4028 does not eliminate audits. It brings transparency, proportionality, and fairness to a system that currently lacks sufficient guardrails.

We respectfully urge your support.

Sincerely,

The Oregon Counseling Association