HB 4028: The 2026 Behavioral Health Protection Bill

(*Rep Harbick, Rep Nosse*)

Commercial insurance companies and Medicaid coordinated care organizations have a long and well-documented history of restricting coverage for behavioral health services, reducing investment in care and limiting member access to affordable treatment. **The effect is evident as Oregon consistently ranks among the worst in prevalence of mental illness and access to behavioral health care.**

Oregon has passed Behavioral Health Parity and Network Adequacy legislation to target the problem; there have been significant improvements, yet Oregon still ranks only 47th overall according to the 2024 State of Mental Health in America Report, indicating a "*higher prevalence of mental illness and lower rates of access to care*" (p. 9). In fact, Oregon is the state with the highest overall prevalence of mental illness despite improving over time on measures of behavioral health workforce availability and access to insurance that covers behavioral health care.

Why the disconnect? The answer to this question lies in identifying where and how insurers are still able to place restrictions on behavioral health that *operationally reduce access to care*.

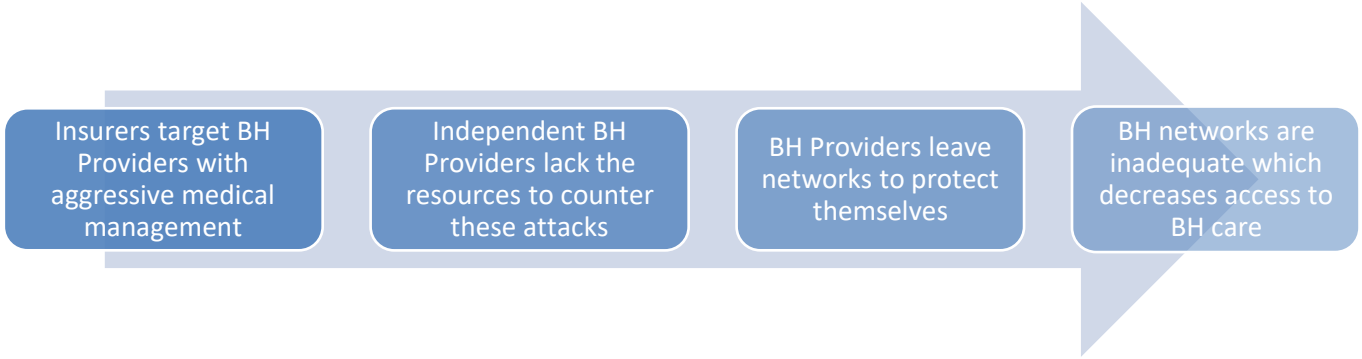
Aggressive Medical Management Aimed at Behavioral Health Providers

Oregon's progress has been accompanied by a surge in medical management policies and practices – aimed at behavioral health providers – to delay, deny, manipulate, and claw back payments. Behavioral health providers are increasingly faced with aggressive pre- and post-payment auditing practices, large clawbacks of payments going back years, and thinly veiled manipulation tactics like *Coding Advisor Programs*. **The Optum *Coding Advisor* "sell sheet" (below) reveals their playbook:** use AI to target providers billing for common services ("low dollar, high volume CPT codes"), accuse them of "billing errors" and "up-coding," label them "outliers," intimidate ("educate") them into "behavioral change" (i.e., reducing patient care or inaccurately billing for lower paying services), all to cut insurer costs.

> *"Operationally, behavioral health/substance use disorder services appear to be subject to management techniques that could limit access more frequently and more stringently than medical/surgical services."* **– Oregon DCBS 2025 Report on Behavioral Health Parity (p. 15)**

The playing field between insurers and behavioral health providers is lopsided. It creates a flimsy foundation for the delivery of behavioral health care. Insurance companies have a litany of attorneys, claims reviewers, policies and procedures designed to constrain payment to providers. Large hospital and medical systems employ entire departments of personnel dedicated to countering these attacks. **In contrast, these tactics disproportionately burden independent practitioners – the backbone of behavioral health care – who are at the mercy of insurers for their livelihoods.** Without an army of medical coders, audit managers, and legal consultants to defend their practices, behavioral health

providers themselves are forced to steal time from patient care to address these bureaucratic demands. They are only one large clawback away from financial ruin, especially when current Oregon law allows insurers to recoup past payments after a mere 30 days – even withdrawing funds directly from provider bank accounts. **The risk is unsustainable for independent behavioral health providers, and many choose to work outside of insurance networks to protect their livelihoods.**



What must be done to address this disparity? Oregon must strengthen legislation to curb medical management that disproportionately burdens independent behavioral health providers. *This ultimately harms patients* by increasing their costs and decreasing their access to care because it drives their providers out-of-network.

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2026 offers an opportunity to build on 2025's progress by combining HB 2029 (2025) proactive audit reforms with HB 3725 (2025) strategies to strengthen behavioral health parity. By design the 2026 Behavioral Health Protection Bill does not reinvent the wheel; it uses proven concepts with no added state cost, yet delivers substantial impact for Oregon behavioral health providers and consumers. **HB 4028 is designed to reduce power imbalances between insurers and behavioral health providers by:**

- Increasing transparency from insurers by requiring them to identify the medical management practice being applied in real time, its purpose, and whether it may trigger an audit or clawback.
- **Effectively reducing the insurer and CCO clawback windows to 12 and 36 months, respectively.**
- Creating a timeframe of 180 days for insurers and CCOs to complete an audit of paid claims.
- Creating a timeframe of 30 days for insurers to complete pre-payment audits.
- Disallowing clawbacks from insurers based solely on "clerical errors," allowing providers to make corrections within 30 days instead of effectively punishing them for administrative mistakes.
- **Allowing providers who owe insurers to pay on a repayment plan over three years, replacing current Oregon law which allows insurers to claw back payments after a mere 30 days.**
- Expanding the definition of "medical management" to give state regulators clearer visibility into the problematic policies and practices behavioral health providers confront in the field.
- **Extending Behavioral Health Parity reporting to expose manipulative tactics portrayed as medical management, such as *Coding Advisor Programs*, that target behavioral health providers for billing common services by accusing them of "potentially erroneous billing."**

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Optum

Coding Advisor

Low-dollar, high-volume billing errors are frustrating for providers and health plans alike and often lead to an increased number of claim denials, record requests and appeals that result in high provider abrasion. Optum® Coding Advisor is a pre-submission, outreach-based provider engagement solution that helps identify common billing errors and improve provider billing behavior.

Coding Advisor uses advance analytics to address losses to more than 32,000 commonly up-coded low-dollar, high-volume CPT® codes. Outlier providers are identified through benchmark provider billing data and educated using health plan-specific coding reimbursement policies, driving positive behavioral change and more accurate billing practices.

Improve coding practices

Coding Advisor uses a proven, 4-phase process for changing behavior and improving coding practices:

Phase 1 Identify → **Phase 2** Educate → **Phase 3** Validate → **Phase 4** Act → **Behavioral change**

- Identify outliers
- Establish baseline

- Outlier reports
- Outreach calls
- Coding policies
- Transactional messaging in EDI workflow

- Measurement
- Quarterly outreach

- Probe audit
- Potential SIU involvement

$3–$8

PMPY* estimated savings

81%

of providers demonstrate positive behavioral change

CPT is a registered trademark of the American Medical Association.

* Per member per year.

Targeted, multi-channel engagement

Coding Advisor delivers targeted provider messaging on potentially erroneous billing – whether accidental or intentional – to educate providers in a collaborative, non-confrontational way. Education is delivered via multi-channel communications, including:

- Quarterly provider profile mailings tailored to each outlier provider practice with data insights
- Point-of-submission EDI messaging

In addition, Coding Advisor Call Center representatives reach out to 85% of outlier providers to further explain billing inaccuracies and encourage self-correction of claims to ensure resolution, resulting in:

- Less than 1% provider escalation
- 9.6% average decrease in cost of outlier E/M claims
- 24% average reduction in total overbilling

A unique approach to delivering long-term behavioral change

Coding Advisor is more than just another alert – it's an educational system that uses AI and behavioral science to deliver targeted coding insights without disrupting provider workflows.

- Outreach is informed by AI-driven provider scoring, ensuring we connect the right provider with the right message at the right time
- Mastery-level coders have formal teaching or training experience
- Highly-collaborative approach drives lasting behavioral change that maximizes medical cost savings while minimizing provider abrasion

Educational insights based on analysis of data from

2.5M
providers over 10 years

200K+
current outlier providers engaged with Coding Advisor

Provider engagement in
50 states

Learn how Coding Advisor can help you improve billing behavior and reduce provider abrasion.

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