

OHA hearing on CAREOregon/SCAN California merger

Thank you for the opportunity to contribute comments regarding my concern for the potential CARE Oregon and SCAN California group merger.

My name is Tony Germann, a resident of Clackamas county. I am a primary care family physician practicing in Marion County. Additionally, I serve as a board member to the Oregon Health Policy board with oversight of the Oregon Health Authority. However, today I speak from my personal perspective.

I believe there are several key questions regarding this relationship that need to be outlined to the public and I believe this inquiry is incredibly important to the health outcomes of our fellow Oregonians in the coming years.

History will repeat itself and I believe OHA and DCBS require a heightened level of scrutiny of this proposed merger. I share significant concerns about the consolidation of health insurance in our country and state with regard to potential impacts on healthcare costs and quality. The consolidation trend in the healthcare industry should raise serious apprehensions about market power this creates and the subsequent implications this has for consumers. Many companies cite benefits such as cost savings and improved care coordination, yet research demonstrates increased market power results in higher healthcare costs. In the last decade, this is becoming more and more consistent in the data and despite the benefits outlined by insurers, we find limited evidence of improvements in quality.

The impact on healthcare cost and premiums is a critical concern, especially for the patients I see daily in my clinic. We are suffering a tradeoff when we allow healthcare costs to continue to rise in our country and this merger, as evidenced by prior research will increase cost in our state. The question, "Does this action improve health and cost in Oregon" is essential? My worry is that increased consolidation may be touted as increasing efficiency in the system, but those savings are not passed on to the consumers and patients, but rather utilized as increase revenues for the insurance companies with no demonstration of better outcomes. Additionally I am concerned about minimal transparency that occurs in acquisitions. Often transfer of money internally complicates MLR accountability in insurance companies and there is ample opportunity for merged entities to engage in gaming and anticompetitive actions. This can lead to disadvantages that might compromise our other CCO's entities and the market place in general. Ultimately, I feel we need to ensure this doesn't lead to decrease in options for consumers.

When more and more Oregonians are finding it difficult to afford healthcare, we should not permit decisions that make it more complicated for them to access health insurance and care.

This particular scenario is worrisome for the Oregon taxpayer. The current application is opaque and filled with redactions. (Reference to HCMO committee request of SCAN lawyers.)

I believe the following questions need to be answered prior to approval of this merger?

- 1.) Most importantly, does this improve health outcomes in our state?
- 2.) Does it maintain cost effective strategies and at best does it not increase cost, such as premiums? What accountability is there for this?
- 3.) How will OHA be accountable and transparent in maintaining the integrity of Oregon taxpayers funding when billions of dollars leave this state.? Will we be able to trust OHA when CareOregon operating revenue and net assets shift across state lines to ensure MLR are maintained?

- 4.) How will the merger of CareOregon and SCAN California improve equity in healthcare for the clients of CareOregon?
- 5.) What will happen to the \$1 billion dollar reserve owned by Care Oregon after the merger?
- 6.) Many tools can be used in health care industry. How can this new health plan be held accountable to not manipulate its medical loss ratio, which is meant to cap profits, by simply shifting statutorily prohibited profits to a different business unit within the same company?
- 7.) How can we ensure that this does not limit future access to providers and specialty groups?

If the answer to these questions remains unclear or demonstrates poorer outcomes and increased cost, then we owe it to 500,000 patients of CareOregon to maintain the integrity of the care they currently receive and not approve this merger.

Sincerely,

Antonio Germann, MD MPH

<https://www.commonwealthfund.org/publications/issue-briefs/2015/nov/evaluating-impact-health-insurance-industry-consolidation>

<https://www.kff.org/health-costs/issue-brief/what-we-know-about-provider-consolidation/>

<https://www.ama-assn.org/system/files/competition-health-insurance-us-markets.pdf>

https://www.rand.org/content/dam/rand/pubs/testimonies/CTA2700/CTA2770-1/RAND_CTA2770-1.pdf