

Health Care Market Oversight: Monitoring health care consolidation in Oregon

Launched in 2022, the Health Care Market Oversight program reviews proposed health care consolidations to make sure they support statewide goals related to cost, equity, access, and quality.

Health care consolidation is becoming more common

Health care consolidation is when two or more health care companies – such as hospitals, insurers, clinics, or health systems – combine as the result of a business deal.

Consolidation is increasingly common across the U.S., which has resulted in health care markets with fewer small or independent providers and more large, national companies.¹ Between 2010 and 2017, there were 778 hospital mergers in the United States.² In 2014, 24% of physician practices were owned by hospitals and health systems; by 2018, it had increased to 46%.³

Consolidation often happens in private

Health care consolidation often happens through confidential business deals, so communities and state agencies have little visibility into major changes to the health care system. This lack of transparency means that communities may be unaware of impacts and have little opportunity to take actions to mitigate any negative consequences for patients and consumers.

Consolidation affects many aspects of health care

Health care consolidation can have big impacts on how health care works. Here are some ways that consolidation has been shown to impact communities:

Higher prices: Research shows that consolidation can lead to higher prices, without improving quality or health outcomes.⁴ While health care companies can find cost savings by consolidating, those savings often don't result in lower prices or lower insurance premiums for patients and consumers.⁵

Quality of care: Studies looking at health care consolidation have shown that health outcomes and quality of care do not improve when health care companies combine – and in markets with little competition (i.e. few companies providing similar services), quality of care may get worse.⁶

Access to services: Consolidation can impact access to services, particularly in rural areas. Research has shown that consolidation involving rural hospitals can result in those hospitals ending some onsite services, such as imaging and obstetric services.⁷ Consolidation can also affect where patients receive care, because it may cause providers to change where they refer patients.⁸

Equity: Consolidation can also impact health equity. For example, when hospitals consolidate, more resources may be invested in areas with more privately insured patients – and these



Research shows that when health care companies combine, it can lead to higher prices without improving quality or health outcomes.

For more information about how OHA measures the effects of health care consolidation on prices, quality of care, access to services, and equity, check out the [HCMO Analytic Framework](#).

areas also tend to be more urban, white, and wealthy. Facilities that largely serve poor people, people living in rural areas, or people of color may receive fewer resources, leading to lower quality care.⁹

Consolidation in Oregon follows national trends

Like regions across the country, Oregon continues to see the impacts of health care consolidations. Here are some examples we've seen in Oregon:

- Prices for health care in the Portland metro area are higher than the national average and have continued to rise each year.¹⁰
- Most physicians in the Portland metro area work for health systems. In 2016, 39% of Portland metro physicians worked for health systems. In 2018, 71% worked for health systems.¹²
- In 2003, 43% of Oregon's hospitals were independent; by 2020, 25% were independent.¹¹

Oregon Legislature established the Health Care Market Oversight program

In 2021, the Oregon Legislature passed HB 2362 to oversee health care consolidation, creating the Health Care Market Oversight (HCMO) program. This law directs the Oregon Health Authority (OHA) to review business deals between health care entities, such as hospitals, health insurance companies, and provider groups. The HCMO program launched March 1, 2022 and aims to:

- **Promote transparency:** OHA will track and publicly post notices when health care transactions occur. Communities will know about planned transactions.
- **Support statewide priorities:** Ensure that health care consolidation in Oregon supports statewide goals related to lower costs, equity, increased access, and better quality.
- **Monitor impacts:** OHA will analyze the type, number, and frequency of transactions, and evaluate how transactions impact people in Oregon. OHA will produce statewide reports related to the impacts of health care consolidation.

How HCMO works

Through the HCMO program, OHA reviews proposed health care transactions to make sure they support statewide goals related to cost, equity, access, and quality. Here's how it works:



Prior to and throughout the review process, OHA will provide technical assistance and guidance to companies that are planning a transaction. OHA will publicly publish notices of proposed transactions and gather public, community member, and other expert input about the potential impacts of a transaction. OHA will also monitor statewide trends and produce studies and reports about consolidation in Oregon.

Stay informed

This document provides high-level information about the Health Care Market Oversight program. Please see ORS 415.500 et seq. and OAR 409-070-0000 through 409-070-0085 for legal requirements. If you want to know more about the Health Care Market Oversight program, you can connect with us in these ways:



Visit our website at <https://www.oregon.gov/oha/HPA/HP/Pages/health-care-market-oversight.aspx>



Email us at hcmo.info@dhsoha.state.or.us



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