

Health care giant Optum faces new scrutiny after fumbled arrival in Eugene, but it's already entrenched in Oregon

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West Eugene Medical Clinic is part of Oregon Medical Group, which was acquired by Optum in 2020. Elizabeth Castillo-Salazar / Special to The OregonianElizabeth Castillo-Salazar / Spe

Dr. Amandajo Sanders knew changes were likely when, in 2020, health care colossus Optum purchased the Eugene medical group where she worked.

She never suspected that Optum's reboot of the Oregon Medical Group would so completely reinvent the place. The focus, she said, became money, efficiencies and quotas. In addition to treating patients, doctors were expected to do medical coding, answer patient questions submitted on the group's digital "My Chart" system, and perform other administrative chores once the job of support staff.

And she took a 5% pay cut.

Sanders quit seven months later, leaving the practice of medicine at age 40.

“They did not give us the support that we needed,” Sanders said. “I was taking all that work home, and it was unsustainable.”

About 30 of her colleagues left, too, over the past two years.

[As first reported by The Oregonian/OregonLive in March](#), the exodus of Oregon Medical Group physicians has put hundreds, perhaps thousands, of patients into health care purgatory. Its new owner notified many — it hasn’t specified the number — by letter that it no longer had the capacity to treat them, and that they would have to seek care elsewhere. With no primary care doctor, people don’t have access to preventive care, they can’t get referrals to specialists, and it’s hard to even refill a prescription.

Optum told Oregon lawmakers the suggestion that it left patients to fend for themselves is “erroneous.” Nonetheless, Rep. Nancy Nathanson, D-Eugene, said she is worried about the health of her constituents.

“I’m getting reports of people self-rationing their prescription drugs to make them last longer,” she said. “This is very dangerous, and very scary.”

Optum’s disorderly takeover of Oregon Medical Group has lawmakers and observers wary of the company’s growing influence in Oregon. What’s transpired in Eugene, they fear, could repeat itself in communities across the state as Optum continues a whirlwind acquisition spree.

In a letter to Nathanson and other concerned lawmakers — among them Rep. Paul Holvey, D-Eugene; Rep. Charlie Conrad, R-Dexter; and Sen. Floyd Prozanski, D-Eugene — Optum placed the blame for Oregon Medical Group’s struggles on a general shortage of physicians in Oregon.

And in a separate statement to The Oregonian/OregonLive, Optum maintained it is part of the solution, suggesting its acquisitions of Oregon health care practices have helped preserve access to care from clinics that might otherwise shut down.

“We are committed to continued investments in order to keep care local, keep doors open to care, and deliver quality care in alignment with our values,” the company said.

Increasingly entrenched

Optum has without question invested heavily in Oregon, The Oregonian/OregonLive’s analysis of public records shows.

The company has acquired a small empire of Oregon medical practices comprising thousands of health providers and dozens of facilities. It’s gobbled up physician-owned practices, surgery centers, pharmacies, mental health providers and home health agencies. All told, state data show, the practices serve more than 100,000 patients.

Independent clinics and medical groups, still weakened financially by the COVID-19 pandemic, are ripe for the picking. Meanwhile, Optum and its parent company, UnitedHealth Group, generated \$371 billion in revenue in 2023 — the equivalent of seven Nikes. UnitedHealth Group owns one of the nation's largest health insurance companies, UnitedHealthcare, and various medical support services.



Oregon Medical Group's location at Country Club Road in Eugene. Oregon Medical Group was acquired by Optum in 2020. Elizabeth Castillo-Salazar / Special to The OregonianElizabeth Castillo-Salazar / Spe

That gigantic revenue flow gives Optum a vast treasury to fund more acquisitions. Optum spent \$31 billion on acquisitions in the last two years.

Since 2019, [records](#) indicate, Optum has acquired 12 health care provider companies serving patients in Oregon. Those purchases include the Oregon Medical Group in Eugene, GreenField Health System and Family Medical Group Northeast in Portland. Optum also bought an independent physician association in Portland.

Optum's portfolio also includes eight surgery centers across the state, including Mt. Scott Surgery Center in Happy Valley, the Cornell Surgery Center in Beaverton and the Northwest Spine and Pain Surgical Center in Portland. It owns Refresh Mental Health, which operates eight locations in Oregon, and dozens of pharmacies.

Since Oregon launched its Health Care Market Oversight program in 2022 to regulate health care consolidation, Optum has asked state regulators to approve three business deals. So far, it has yet to be turned down. Most recently, in March, [state regulators gave Optum an emergency green light to take over](#)

[the 11-location Corvallis Clinic](#), skipping a more thorough review — and the possibility of placing conditions on the approval. Regulators cited cash flow problems that threatened to shut down the clinic.

Now Optum is seeking approval to absorb the Louisiana-based home health care company Amedisys, paying \$3.3 billion. Oregon health officials say it would nearly double UnitedHealth's share of the state's home health market, from 6% to 11% of patients, and increase its share of hospice services from 4% to 6%. Its market share in areas like Portland, Roseburg and Salem would be even higher.

A [preliminary state regulatory review](#) of the Amedisys deal found many of Amedisys' home health providers sit in areas where UnitedHealth is already a significant provider of private Medicare plans known as Medicare Advantage. That means UnitedHealth could potentially steer more of its insurance members toward providers it owns, according to the report. The U.S. Department of Justice is also reviewing the deal.

There's been no comprehensive public accounting of how many doctors and other health providers in Oregon are employed or affiliated with Optum. Some of its practice purchases have been small and have quietly flown under the radar of patients and even regulators. Oregon's regulatory review of health care mergers and acquisitions only reviews transactions between parties that make at least \$10 million in annual revenue.

Dr. Jane Zhu, a primary care physician and researcher at Oregon Health & Science University, said federal regulation and most state laws do not require corporations and private equity firms to publicly disclose most mergers and acquisitions.

"That adds a layer of opaqueness to understanding who owns what in health care," Zhu said.

UnitedHealth Group has also cemented a significant presence in the state as a health insurer. The company's insurance division, United Healthcare, provided coverage to more than 200,000 Oregonians in 2023, according to the latest [state health insurance enrollment data](#). UnitedHealthcare was also the state's second largest Medicare Advantage insurer in the state last year, data shows.

Less medicine, more paperwork

Doctors whose practices have been scooped up by Optum said they found themselves spending less and less time with patients and more time doing administrative work.

Oregon Medical Group had suffered a couple of disastrous years during the pandemic and the ensuing temporary ban on elective surgeries, so its acquisition by Optum came as no surprise to Dr. Sharon Flynn, one of the practice's doctors.

Though she was a shareholder in the practice, she was not told beforehand of the sale, nor did she know the terms.



Dr. Sharon Flynn was a shareholder and physician at Oregon Medical Group in Eugene when it was acquired by Optum. She left the practice, frustrated with changes she attributed to its new owner and now works at a hospital on the Oregon coast. Elizabeth Castillo-Salazar

Life remained much the same at Oregon Medical Group, she said, for many months after the deal was done. But in the fall of 2022, Flynn said, Optum informed the doctors that they would need to sign an “addendum” to their employment contracts that would institute sweeping changes.

She said the support staff was cut, so doctors would have to perform much of the record keeping and other administrative tasks. And doctors were told they needed to become more efficient.

Optum did not directly respond to questions about the changes it instituted at Oregon Medical Group.

Suddenly, everything seemed to go wrong. The phone system malfunctioned, Flynn recalled. Optum wanted doctors and patients to communicate digitally, Flynn said, but many patients couldn’t figure out how to use the system, and some didn’t have computers.

Flynn never signed the new contract. Instead, she said she quit, fed up with the clinic’s new emphasis on making money.

“When you cultivate a practice, it’s not something you give up easily,” she said, “unless it becomes untenable.”

Flynn, who lives in the Willamette Valley, has taken a job with a hospital on the coast. It is far enough away from Eugene that it doesn’t violate her non-compete. Yet the experience has left her disillusioned.

“I’m only about to be 55 and I never thought I’d be retiring like before 65,” Flynn said. “But I’m thinking about it.”

Sanders, the other Oregon Medical Group physician, had come to the conclusion that life under Optum was never going to get better.

But she believed quitting Oregon Medical Group meant actually quitting medicine, temporarily at least. She had signed a non-compete agreement with Oregon Medical Group, and she said Optum told her it would enforce it.

The mother of three young children, one of them an infant, Sanders and her spouse decided to stay in Eugene so as not to uproot them.

“This is ridiculous, right?” she said. “I worked my entire adult life and currently have no job. I have skills. I feel a lot of remorse about that.”

The non-compete issue alarmed local lawmakers, including Rep. Nathanson, who feared doctors leaving Optum would flee the market altogether, exacerbating her constituents’ problems finding care.

Nathanson said Thursday that, in response to her inquiries, Optum promised her in writing it would not enforce the non-compete agreements. The company said the same in a statement to The Oregonian/OregonLive.

Scrambling for care

Locals say the effect of Optum’s takeover has already been measurable.

More than 2,300 of the University of Oregon’s employees, nearly half the total, get their health care from Oregon Medical Group. In a letter to Nathanson, Mark Schmelz, the university chief human resources officer and vice president, described the experience of one employee who took a blood test at one of the practice’s clinics.

“The tests showed significant issues in need of immediate intervention,” the UO letter stated. When the employee contacted the medical group to schedule a follow-up, they were told they were “no longer a patient.”

Nearby hospitals are seeing former Oregon Medical Group patients arriving in their emergency rooms. Some are sick enough to be admitted, said Dr. Charlotte Yeomans, who works at PeaceHealth Sacred Heart Medical Center Riverbend in Springfield. Others are seeking prescription refills from the E.R. because they can no longer see an Oregon Medical Group doctor.



Crescent Medical Clinic in Eugene is part of Oregon Medical Group, which was acquired by Optum in 2020. Elizabeth Castillo-Salazar / Special to The OregonianElizabeth Castillo-Salazar / Spe

"We all worry that if this can happen in Eugene, who's to say that it won't happen in Corvallis?" said Yeomans, who is also president of the doctors' union at the hospital. "It can happen anywhere."

In its letter to lawmakers, Optum flatly denied it left patients to fend for themselves in recent months. It has found new doctors for about 1,100 patients within Oregon Medical Group, it said. Accounts otherwise were "erroneous reporting," the company told Oregon legislators.

"Optum did not dismiss nor intends to dismiss patients with the recent access challenges," the company told the lawmakers.

But former Oregon Medical Group patients insist that is exactly what happened.

Ron Bellamy, a retired sports columnist at the local newspaper, said he and his doctor had agreed that Bellamy needed a minor surgery. But he never got any word from Oregon Medical Group on scheduling.

Frustrated, he went to his clinic for answers. He said he was told that his doctor had left Oregon Medical Group and that it would no longer keep him as a patient.

"I never got a letter. I never got a phone call," Bellamy said. "Right now, I have no doctor. Basically, they've abandoned me."

In its statement to The Oregonian/OregonLive, Optum said it would devote “significant resources” to address what it called “industry-wide provider shortages ... impacting our patients.”

The statement continued that Optum intends to launch an urgent care service that would accommodate walk-ins and take appointments. It is also trying to get some of its Washington health care professionals licensed in Oregon to launch a virtual clinic.

Independent clinics struggle

Academics and advocates say it’s been increasingly difficult to operate independently owned physician practices. Insurers have reduced payments while costs have climbed. Keeping up with evolving technology, including electronic medical records, has also added up.

“There’s a lot of administrative burden that comes with the practice of medicine now — it’s not just taking care of patients,” said Courtnei Dresser, spokesperson for the Oregon Medical Association. “It’s a lot more effort just to get paid to take care of patients.”

Meanwhile, health care presents opportunities for corporations like Optum to generate substantial profits from practice acquisitions partly due to the fragmented health care delivery system, an aging population, increasing demand for health services and changes in health care spending policies that draw higher payments, said Zhu, the OHSU researcher.

“Health care is an inelastic good — there’s always a demand for it,” Zhu said. “Because the delivery system is so fragmented, there’s lots of opportunities for consolidation.”

Hayden Rooke-Ley, a Eugene-based lawyer and senior fellow for health care at the American Economic Liberties Project, an antitrust watchdog group, said changes to Medicare [have contributed](#) to corporations like Optum’s appetites for buying up physician practices.

“It’s really a story about the privatization of Medicare,” Rooke-Ley said. “Instead of Medicare paying providers directly when they deliver care, the government has outsourced that administration to private insurance companies, and has done so with massive subsidies.”

The federal government is projected to pay between \$500 million and \$600 billion in Medicare Advantage plans to private insurers like UnitedHealthcare, in 2025. Rooke-Ley said that much money gives the health care giants not only the capital to acquire practices, but incentive to buy them up.

By owning physician practices, too, companies like UnitedHealth can capture more of the government payment while minimizing spending on patient care, Rooke-Ley said.

“The way that system works provides a whole bunch of incentives for those insurance companies to acquire physician practices,” he said. “Acquiring practices is one way to evade antitrust scrutiny because it’s much easier to vertically consolidate than horizontally.”

For opponents of privatized, corporate medicine, Optum's arrival in Eugene provides a cautionary tale unfolding in real time.

Among those opponents is former Gov. John Kitzhaber, a onetime emergency room physician who's made few waves since he resigned the state's top office, but who has implored lawmakers and his own successor to take action.

Last month, Kitzhaber urged the U.S. Senate Finance Committee to investigate Optum's actions in Eugene and Corvallis. But it never came up when Andrew Witty, CEO of UnitedHealth, testified before the committee last week. Instead, members concentrated on the cyber attack that took down Change Healthcare, a UnitedHealth Group subsidiary whose compromised service in turn left thousands of doctors, clinics and others unable to do business.

Kitzhaber, one of the key architects of Oregon's health care system, has also urged Gov. Tina Kotek to get engaged in this issue. He wrote a letter to the governor in February outlining his concerns. Kotek did not respond, Kitzhaber said, though he acknowledged she may be involved behind the scenes. (Kotek's office did not respond to questions regarding Optum's expansion in Oregon.)

He said the state's emergency approval of Optum's purchase of The Corvallis Clinic stifled public debate and amounted to a "subversion of our state's oversight procedure."

"No sooner had the ink dried on the purchase of the Corvallis Clinic, Optum sent out a letter to 10,000 patients of the Oregon Medical Group in Eugene, notifying them that there is no longer capacity for them at the clinic," he wrote.

In a later interview, Kitzhaber said large corporations like Optum have brought a profit-driven mindset that has no place in the health care system. What's worse, he said, the corporations are receiving large taxpayer subsidies that fuel their expansion.

"These guys view health care as a commodity," said Kitzhaber. "To me, this is very terrifying in terms of where this could go."

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