CENTER FOR INQUIRY
EXECUTIVE OFFICES

Office of Consumer Protection from Pseudoscience

June 23, 2025

Submitted via email

Representative Rob Nosse
Chair, Committee on Behavioral Health and Health Care
Oregon House of Representatives
900 Court St. NE, H-277
Salem, Oregon 97301

Re: Call to support HB 2268

Dear Chair Nosse:

The Center for Inquiry (CFI) writes to urge the Committee on Behavioral Health and Health Care to vote in favor of HB 2268, legislation that would stringently regulate health care sharing ministries in the state of Oregon.

CFI is a national nonprofit organization dedicated to advancing science, reason, and secularism in American law and public policy. We have numerous supporters in Oregon.

Key Elements of the Bill

HB 2268 requires any business entity operating a "health care cost sharing arrangement"—defined in part as requiring members to "declare or profess a defined set of ethical or religious beliefs as a condition of entering into the agreement"—to be properly registered with the state's Department of Consumer and Business Services, to avoid any "dishonest, fraudulent or illegal" business practice, and to be free of any conviction for a felony or misdemeanor, "an essential element of which was fraud or deceit."

The bill next mandates that each such entity file an annual report with the state providing the number of Oregon residents with whom the entity has an active health care cost sharing arrangement; the total amount of "fees, premiums, commissions, dues or other monetary compensation" collected by the entity over the previous twelve months; the total amount of funds in health care claims paid by the entity over the previous twelve months; copies of all advertising and marketing materials used by the entity; and other pertinent operational information.

HB 2268 then requires each entity to state prominently in all promotional materials that it is not an insurer and that the health care cost sharing arrangement is not health insurance. The bill, relatedly, mandates that each entity list medical services that it does not cover "but that are commonly included in health insurance coverage," such as treatment of sexually transmitted diseases or reproductive health services.

Finally, HB 2268 requires each person who advertises or markets membership in a health care cost sharing arrangement to file an annual report with the state listing the "commission rate, percentage of sales or other compensation" the person receives for such sales as well as the number of memberships the person sold to Oregon residents in the preceding twelve months.

CFI's Analysis

CFI supports this legislation because it brings much-needed public transparency and accountability to health care sharing ministries operating in Oregon. Nationally, these arrangements have been shown over and over to shortchange consumers in their health care coverage, and the Oregon legislature would be wise to protect state residents from the same unethical and fraudulent practices.

Health care sharing ministries—or, health care cost sharing arrangements, in the language of HB 2268—are membership organizations where individuals make monthly or periodic payments to cover the health care expenses of all members. Membership in these arrangements typically requires a shared system of religious beliefs. **However, what consumers often fail to understand is that these arrangements are not required to comply with the consumer protections of the Affordable Care Act (ACA), are largely unregulated, and provide limited patient benefits.**[1] While their features may closely mimic health insurance companies, they are not traditional health insurance, and they do not guarantee payment of claims.[2]

Moreover, many health care cost sharing arrangements are nothing more than a scam. For instance, Trinity Healthshare, Inc. filed for bankruptcy in 2021 amid an investigation by the state of New York's Department of Financial Services (DFS) that it was "engaged in a fraudulent and illegal health insurance business in New York."[3] **According to DFS, in doing so Trinity "dropped its current members and asserted that it had no obligation to pay members' medical claims, leaving millions of dollars in outstanding claims."**[4]

In Utah, Better Business Bureau (BBB) president Jane Rupp states that another health care cost sharing arrangement, Liberty HealthShare, would receive an "F" rating but for the fact that the BBB does not give ratings to nonprofits and charities.[5] Rupp adds: "A consumer should be leery. Read the complaints and realize that these consumers are having to front the money up front, pay the doctors, and it's been a year and they haven't gotten the money back."[6]

In Missouri, the Federal Bureau of Investigations (FBI) shut down a health care cost sharing arrangement in 2023 after its owners pocketed $4 million out of $7.5 million in

[1] https://www.commonwealthfund.org/publications/fund-reports/2018/aug/health-care-sharing-ministries
[2] *Id.*
[3] https://www.dfs.ny.gov/reports_and_publications/press_releases/pr202109281
[4] *Id.*
[5] https://kutv.com/amp/news/get-gephardt/health-share-organization-continues-to-be-slow-paying-medical-bills-complaints-say
[6] *Id.*

membership payments, only $250,000 of which went toward paying members' actual medical expenses.[7]

These and other examples should be concerning to Oregon lawmakers, patients, consumers, and voters. Indeed, Oregon's own Division of Financial Regulation (DFR) has had to take multiple actions against health care cost sharing arrangements in recent years to protect consumers and promote ethical business practices. For example, DFR issued a final order and fined Aliera Healthcare, Inc. in 2021 for selling insurance to Oregon consumers without a certificate of authority and "misrepresenting its purported health care sharing ministry products as health insurance."[8]

DFR likewise issued a final order and fined Trinity Healthcare, Inc. in 2021 for selling insurance to Oregon consumers without a certificate of authority and misrepresenting its health care cost sharing arrangement as health insurance.[9] **Both Aliera and Trinity were forced by DFR to exit the Oregon market and barred from offering any products or services to Oregon consumers for a period of years—five years in the case of Aliera and three years in the case of Trinity—yet permanent steps must be taken to regulate health care cost sharing arrangements and prevent them from preying on consumers.**

That is why enacting HB 2268 would be ameliorative. The bill would bring much-needed transparency on this issue by requiring entities operating health care cost sharing arrangements to disclose, on an annual basis, the fees they collected from members and the total amount paid in health care claims, as well as related financial disclosures.

HB 2268 would, additionally, require these entities to disclose all of their promotional materials and state clearly in their materials that their arrangements are not traditional health insurance. The bill would also require these entities to notify consumers of which medical services are not covered.

By requiring all these disclosures, HB 2268 would boost public accountability and greatly increase the state government's oversight on this issue. Moreover, Oregon patients and consumers would be put in a much better position to make informed decisions about their health care coverage.

<u>Conclusion</u>

For the reasons provided in this testimony, CFI urges you to vote in favor of HB 2268. Thank you for your time.

Sincerely,

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[7] https://www.forbes.com/sites/thomasbrewster/2023/02/20/fbi-says-christian-obamacare-nonprofit-was-a-4-million-fraud

[8] https://dfr.oregon.gov/laws-rules/Documents/taking-action/taking-action-winter-2021.pdf

[9] *Id.*

Azhar Majeed
Director of Government Affairs

cc:
Representative Cyrus Javadi, Vice Chair, Committee on Behavioral Health and Health Care
Representative Travis Nelson, Vice Chair, Committee on Behavioral Health and Health Care
Members, Committee on Behavioral Health and Health Care