

Public Comment on Adventist's Proposal to Acquire Mid-Columbia Medical Center

To: Health Care Market Oversight Program

From: SEIU Local 49, Cascade Aids Project, Basic Rights Oregon

Date: February 8, 2023

We would like to offer the following comments on Adventist Health's proposal to acquire Mid-Columbia Medical Center.

The transaction currently under consideration will be the first true test of the HCMO program – to ensure that large acquisitions are only approved if they conclusively enhance access to low-cost, high-quality services not just improve hospital bottom lines. Because of the significant nature of this transaction, we urge OHA to initiate a full review process.

When HB2362 was proposed, our coalition noted that the number of independent hospitals in Oregon had declined from 28 to only 16 since the year 2000. We worried this trend would accelerate because smaller, independent hospitals had been disproportionately financially harmed by the pandemic – and would be vulnerable to acquisitions by better-capitalized, larger health systems. The hope and intent was that the HCMO program would safeguard community interests in future transactions.

While Adventist and MCMC describe this deal as only a net positive for patients, decades of research point to a different possible conclusion. When independent hospitals are acquired by large health systems, it often leads to:

- Higher prices: Adding to the significant body of existing research demonstrating that consolidation leads to higher prices, a JAMA paper released just last week found that “Prices paid to health system physicians and hospitals were significantly higher than prices paid to non-system physicians and hospitals (12%-26% higher for physician services, 31% for hospital services).”ⁱ
- Reductions in essential services: RAND researchers found that, following affiliations, rural hospitals were more likely to lose onsite imaging, outpatient nonemergency care, and obstetric and primary care services. At the same time, the hospitals in the study saw a significant increase in operating margins (by 1.6–3.6 percentage points within two to five years, compared with -1.6 percent before the affiliation).ⁱⁱ The study's authors ultimately conclude that, “Given the potentially negative consequences of affiliation, policy makers should support mechanisms that help rural hospitals remain financially viable without it.”ⁱⁱⁱ
- Lower wages for workers: A separate RAND study found that the price increases that result from consolidation are ultimately passed on to workers in the form of lower wages and less generous benefits. The researchers found that wages for workers who receive employer-sponsored insurance declined by an average of \$638 per year after a hospital merger took place in their region.^{iv} Given that research has shown that income is an impactful social determinant of health, these lowered wages ultimately drive down the health potential of many.

In addition, there are several issues raised in the application materials we particularly urge OHA to investigate:

- Potential service reductions. As the first RAND study above found, when large systems take over, they often cut services – particularly labor and delivery (which MCMC currently offers). For example, this is currently playing out in Northern California where Providence – our state’s largest health system -- purchased Petaluma Valley Hospital in 2021. However, Providence just announced plans to shutter the hospital’s Family Birthing Center after only two years – far short of the five years they agreed to as part of the purchase agreement approved by local voters.
- Potential health equity implications. The application materials indicate that the majority of the patients served by the hospital and its clinics are on public insurance. As such, it is even more important to ensure services are safeguarded – if not expanded -- to further health equity and ensure equal access to care.
- Potential restrictions on care. Adventist has indicated that it “imposes no religious-based restrictions on medical procedures and services.” However, we believe OHA must thoroughly investigate and confirm that statement. For example, the health system clearly states on their website that they will not participate in Death with Dignity procedures.^v
- Potential challenges recruiting and retaining workers. With health systems in Oregon facing historic labor shortages and competing for talent, we are concerned about allowing a system to expand that may seek to suppress workers’ voices and refuse to work collaboratively with them. Adventist has a long history of opposing collective bargaining;^{vi} meanwhile, unions help reduce wage gaps for women and workers of color, and improve wages and working conditions.^{vii}

For all these reasons, we urge OHA to take a comprehensive look at this deal and extend the review process to enable a thorough analysis of the transaction’s impact on prices, access to services and health equity. Any deal to acquire one of our remaining independent hospitals should stand up to scrutiny by industry experts as well as by affected community members.

ⁱ Beaulieu, Nancy D. et al. [Organization and Performance of US Health Systems | Health Care Reform | JAMA | JAMA Network. January 2023.](#)

ⁱⁱ O’Hanlon, Claire, et al. [“Access, Quality, And Financial Performance Of Rural Hospitals Following Health System Affiliation.”](#) *Health Affairs*, Dec 2019.

ⁱⁱⁱ O’Hanlon, Claire, et al. [“Access, Quality, And Financial Performance Of Rural Hospitals Following Health System Affiliation.”](#) *Health Affairs*, Dec 2019.

^{iv} Arnold, Daniel and Christopher Whaley. [“Who Pays for Health Care Costs? The Effects of Health Care Prices on Wages.”](#) RAND Corporation, July 2020.

^v [Adventist Health | Patient Resources | Physician Aid in Dying.](#) Retrieved February 2023. “While Adventist Health recognizes the rights of terminally ill patients and physicians who may choose to participate in their respective state’s Death with Dignity Laws, it chooses not to participate in these procedures.”

^{vi} “Attorney Alan Reinach, public affairs and religious liberty director of the Adventist Church in the region, testified before the NLRB in January this year, outlining the church’s longstanding teaching against collective bargaining.” [Adventist Hospital Loses Bid to Prevent Union Organizing | Adventist News Network.](#) November 2000.

^{vii} US Department of Labor. Retrieved February 2023: <https://www.dol.gov/general/workcenter/union-advantage#:~:text=According%20to%20the%20Center%20for,the%20course%20of%20their%20careers>