

# OHSU, Legacy Health submit merger plans for state approval, say review could take months

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OHSU Hospital on August 17, 2023. Beth Nakamura

By

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Oregon Health & Science University and Legacy Health on Thursday [submitted their definitive merger plans](#) to state health officials for regulatory review.

The submittal comes more than a year after OHSU and Legacy [announced plans to join forces](#). The two Portland health systems released some details about their plans when they signed a merger agreement in May but have largely kept tight-lipped about their deal.

In its filing with state regulators, OHSU and Legacy argued that the health care industry “is facing tremendous challenges and volatility” and that the merger would “give both parties what they desperately need.”

In an interview, OHSU President Dr. Danny Jacobs said the deal is “a transformational, once-in-a-generation opportunity” that comes at a time when both health systems face economic

headwinds. He said hospitals and health systems are still recovering from the COVID-19 pandemic and that inflation has increased the cost of doing business.

“Bringing these two Oregon-based entities together will provide services that neither can do alone,” he said. He said the deal would provide an infusion of money into Legacy to keep it financially afloat long-term, while OHSU would benefit from gaining access to Legacy’s properties to treat more patients.

With about \$5 billion a year in operating revenue, OHSU is larger than Legacy, which brought in \$2.9 billion in its 2024 fiscal year. In their merger filing with the state, OHSU is portrayed as the larger, stronger suitor buying out its financially struggling rival.

Both hospital systems have been losing money since announcing their merger plans in August 2023.

As of June, OHSU had 170 days of cash on hand — a key measure of a hospital’s liquidity and financial strength — while Legacy had 176. Analysts consider fewer than 150 days to be a sign of financial danger.

“These are difficult times, unlike anything I’ve seen in my 30 years in academic medicine and running health centers,” Jacobs said. “By coming together, our ability to provide better service will be enhanced, and we will take care of everyone. ... We think it will benefit our finances as well.”

Jacobs said OHSU has been “capacity constrained” for years, resulting in long wait times for patients due to a shortage of beds and doctors.

As part of the merger, OHSU plans to invest \$1 billion in capital improvements at Legacy’s properties. OHSU also agreed to transfer \$350 million, an amount that could be affected by closing costs, to the Legacy Health Foundation, which will be spun off as an independent foundation when the deal closes.

A coalition of unions representing employees at both OHSU and Legacy — including the Oregon Nurses Association, Service Employees International Union and Oregon American Federation of State, County and Municipal Employees — endorsed the merger, saying that it would “create significant advancements for workers, patient care, and workplace conditions.”

In a statement Thursday, the unions said they were “confident that this acquisition will lead to substantial improvements in patient care and create a workplace where every employee is valued and supported.”

OHSU and Legacy are two of the largest health systems in the state, with 10 hospitals between them, all but one in the Portland area.

The two combined would take most of the market share in the metro area — which could leave federal and state antitrust regulators wary of approving the deal.

Jacobs said OHSU and Legacy are committed to being “fully transparent, accountable and responsive” in working with regulators “so that the process can take as short a time as possible.”

The Federal Trade Commission, Oregon’s attorney general and the Oregon Health Authority will review the deal. The regulatory bodies will examine whether the proposed merger will lead to inflated costs to patients.

The state’s new Health Care Market Oversight program, which launched in 2021, requires that mergers and acquisitions between parties that make at least \$10 million in annual revenue notify the Oregon Health Authority and undergo a review process.