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To the Community Review Board,

As the Interim President of OHSU, I am writing to address the concerns you have raised regarding the potential for increased costs resulting from the OHSU-Legacy integration. I understand why you may have questions and want to be absolutely clear: the status quo is not an option. We are at a crossroads for healthcare in Oregon, and it is likely inaction will lead to higher costs for everyone, as well as continued access and other challenges.

Regardless of this transaction, escalating costs – clinicians and staff wage increases, pharmaceutical cost increases, and inflation pressures on services and supplies - will continue to increase the cost of health care across the country. Nationally, health care spending increased by 7.5% from 2022 to 2023¹, reflecting these growing costs. We are grappling with the same pressures every hospital in the nation faces. The creation of an integrated, comprehensive public university health system for Oregon isn't a magic wand to lower costs overnight, but it gives us a serious chance of bending the cost curve toward a sustainable rate, meaning that we reduce the *rate* of cost increase. Our intent to bend the cost curve is a benefit to the public, practical, aligned with state policy, and only possible by combining OHSU and Legacy.

Several of you raised another important question, “What happens to Legacy if this merger doesn't go through?” While no one can predict the future to fully answer this question, Legacy leaders have been clear that Legacy Health board has decided that a partnership is necessary to secure the strategic future of the organization, and thus if Legacy Health cannot partner with OHSU they may be back in front of OHA urging approval of an affiliation with a different partner. It is certain that Legacy will not have the opportunity to find another partner like OHSU, Oregon’s public academic health center with levels of transparency not found in any other health system in the state. We are putting our cards on the table with specific accountability measures and expect to be held to outcomes as evidenced by the metrics we are proposing. We are proposing specific metrics and a third-party reviewer – which we believe is unheard of in transactions like this. We are subject to public records requests, public board meetings, gubernatorial board appointments, and potential audits.

¹ [https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/#:~:text=Health%20spending%20increased%20by%207.5,of%20the%202010s%20\(4.1%25\).](https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/#:~:text=Health%20spending%20increased%20by%207.5,of%20the%202010s%20(4.1%25).)

These are significant tangible mechanisms for accountability that will benefit the people of Oregon. No other potential partner, in or out of state, can offer this.

Third, I want to emphasize the unusual level of community support this integration has attracted. Workers and community groups are backing this deal because they know it's different. To name just a few community leaders who have publicly expressed support for the combination: Sara Kennedy, CEO of Planned Parenthood Columbia Willamette and Amy Handler, CEO of Planned Parenthood of Southwestern Oregon; Lee Po Cha, Executive Director of the Immigrant and Refugee Community Organization (IRCO), Esther Kim, Director of the Oregon Health Equity Alliance (OHEA), and on behalf of tens of thousands of workers we also have support from the Oregon Nurses Association, Service Employees International Union Local 49 (SEIU), and Oregon American Federation of State, County and Municipal Employees (AFSCME). They all know this integration will benefit the public. They don't blindly support mergers. They've made it clear, in detail, why this one is different. They understand the stakes.

This is not just another hospital merger. OHSU's unique status as a statewide public entity and its commitment to accountability, access and cost growth is a generational opportunity. We are not doing this lightly and, especially given the escalating federal pressures and uncertainty, we don't have the luxury of time to revisit this years down the road. We urge the Community Review Board to see this for what it is: a crucial step toward a sustainable healthcare future for Oregon.

Thank you for your time and consideration.

Sincerely yours,

A handwritten signature in black ink that reads "Steve Stadum". The signature is written in a cursive, flowing style.

Steve Stadum, J.D.
Interim President
